Bachelor Thesis
BI Norwegian Business School
International Marketing
XXL ASA
University of Mannheim
Spring Term / Fall Term 2015/16

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06.06.2016
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This paper is done as a part of the undergraduate program International Marketing at BI Norwegian Business School. This does not entail that BI Norwegian Business School has cleared the methods applied, the results presented, or the conclusion drawn.
Acknowledgements

Gratitude goes to those who have contributed to the design and development of the thesis, whom without it would not be possible.

We, the authors, would like to express our thanks to the participants of the survey, as well as those who has contributed their time to participate in our interviews, granting insights which have been invaluable to the completion of our work.

To those who have offered contributions by correcting, translating and proof reading contents of the thesis, the authors are grateful.

Throughout the design and development of the thesis, one person in particular has been of exceptional assistance, contributing with continuous support as well as guiding the authors when in need. Special gratitude is awarded to our thesis advisor, Alexander Weeth.

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Mannheim, the 6th of June 2016.
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Executive Summary

XXL ASA, which hereby will be addressed as XXL, is a retailer with one simple business concept; offer the consumer a wide range of branded merchandise, at extraordinary low prices. Established by Øivind Tidemandsen in 2000, XXL is at time of writing the largest sports retail chain in the Nordic nations, with 25 stores in Norway, 20 in Sweden and 8 in Finland.

The main point of focus in this thesis, which has been embedded into the conducted research and analysis, is the level of attractiveness of the German sports retailing market and its compatibility with XXL’s style of operation.

The authors’ findings have been of great interest and importance to the development of the thesis and its conclusive remarks, revealing points of differences as well market similarities.

By the conduction of original research and secondary data analysis, the authors have examined external and internal business aspects related to an entry into the German market, forecasting successful strategies designed with a strong basis in market structure and consumer behaviour.
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Introduction
1. **Introduction**

1.1 **Scope of the thesis**

Four students from BI Norwegian Business School in cooperation with the University of Mannheim conducted the thesis. The thesis has a high relevance since the board of XXL has publicly announced intentions about entering the German market within 2018.

**Problem definition**

“How can XXL optimise an entry into the German market?”

**Objectives**

The objective with this thesis is to illustrate the attractiveness of the German market and what may be the best entry strategy for XXL to the German market within 2018.

1.2 **Research limitations**

The survey was geographically limited to the Mannheim area (although not necessarily negative, as the entry strategy targets the South-German market).

The respondents in the survey were mainly in the early twenties, the majority of which were students. This was a consequence of launching the survey online and promoting through social media platforms, most frequently used by the younger population.

The existence of a language barrier made it difficult to assess the validity of secondary data portrayed in German, forcing the authors to disregard certain sources of information. Consequently, the authors’ ability to conduct research on the German market conditions was limited.

Although having a relatively large number of survey respondents, the authors recognise that the results are not fully representative of the German population.

Survey data indicates that a majority of the consulted consumers were not fond of the XXL logo, describing it as old-fashioned, unoriginal and lacking in style. Although these results were troubling, the authors note that the consumers in question had no prior knowledge or associations with the brand, indicating that the data might not be representative for the greater German population.
2. XXL ASA profile

2.1 History

XXL ASA is a Norwegian sports retailer founded in 2000 by the two brothers Øivind and Tore Tidemandsen (e24, 2010). The brothers, have many years of experience from the retail industry and have founded several well-known Norwegian retailers together such as Living and Elkjøp. When British Dixon Group acquired Elkjøp (electronic retailer) in 1999, the two brothers used parts of their profits to establish XXL. They saw great potential in the sports retail market, which was mainly dominated by the big retailer group Gresvig along with many small specialist stores. Typical for the market was high costs and low earnings for the retailers while importers and wholesalers made big profits. The two brothers recognised that the strategy they had previously implemented with high success rate in Elkjøp also had potential in the sports retail market. This includes taking advantage of economy of scale, low costs and a broad product range offered at one place.

XXL opened its first store in Oslo in 2001, which at the time was the biggest in Norway (Sportsbransjen, 2015). Not many of XXL’s competitors believed that their strategy would fit the Norwegian market and did not recognise them as a very serious competitor.

In 2005, XXL had their first positive turnover and through their six stores, they became the fastest growing sports retailer in Norway. Furthermore, in 2007 XXL had a market share of 10% operating with eight warehouses. In 2010, the Swedish private equity company EQT acquired the majority of XXL. This marked the beginning of a new area for XXL. In the same year, XXL expanded into Sweden establishing three warehouses within three months.

In 2014, they entered the Finish market, and at the end of the year, XXL was listed on the Norwegian Stock Exchange with a market cap. of 8 billion NOK. They managed this through rapid market expansion and focusing on opening new stores in cities big enough for their stores. XXL also managed to stay profitable while expanding.
2.2 Today

XXL is today present in Norway, Sweden and Finland and are looking for further expansion into new markets, especially in the Central-European area (e24, 2015). They are the market leader in Norway with a market share of 28,2% (XXL ASA, 2016), as well as being the leading and fastest growing sports retailer in the Nordic countries (Norway, Sweden, Denmark, Finland and Iceland), currently operating with 53 warehouses.

XXL offers a strong brand portfolio, with a product range from over 400 suppliers. Their concept builds on having large store units from 3,000 m² to 5,300 m², with an average of 3,900m². They offer a wide range of well-known brands, combined with focus on customer service and a clear pricing strategy. The warehouses are divided into a “big-box” concept, including 1) Sports, health and fitness, 2) shoes, 3) sportswear, 4) outdoor activities, 5) skiing/bicycling and 6) hunting/outdoors, fitting their slogan “All Sports United”.

Their strategy and product offering allows XXL to serve a broad customer base all year around through all four seasons, resulting in a relatively stable income every quarter. The large store concept is the core of the business allowing for economies of scale and high efficiency in terms of store operations, as XXL put it; “XXL’s concept is to have the largest stores with the lowest prices and the widest assortment of products, focusing on branded goods” (XXL ASA, 2016).
Methodology & Data Collection
3. Methodology and data collection

3.1 Introduction

In the following paragraph, the authors will explain how and why the selected choices were made. To answer the research questions, both primary and secondary is included in the data. This chapter is structured after Gripsrud, Olsson and Silkoset’s (2010:36) research process model. This is with the aim of simplifying the research structure, making it logical and easy to comprehend for readers after the authors finished the methodology and data collection part. First, the aim of the research was established. Second, the research questions were determined. Third, the authors decided upon which research design to be used. Fourth, the collecting of data was initiated, then the authors analysed the collected data in the fifth step, resulting in a conclusion of the findings at the sixth step.

![Research process model](Gripsrud, Olsson and Silkoset, 2010:36).

3.2 Research aim and research questions

The goal of the thesis is to provide XXL with a strategic recommendation for what is the best entry-strategy into the German market within 2018. The authors will, with the findings in the research, develop recommendations for strategies and how XXL should enter the German market. Much of the knowledge gained from conducted interviews was used to construct a survey, in which quantitative information was gathered. Following are the research questions formulated to answer the problem definition.

What characterises the German market?

- How loyal are German consumers?
- Are the German consumers price sensitive?
- Who are XXL’s biggest competitors?
- How big is the market?
- Is it a growing market?
- Is there a place for XXL’s strategy and concept in the German market?
• What cultural, geographical and other factors should XXL take into consideration when entering the German market?

3.3 Research design

According to Gripsrud, Olsson and Silkoset (2010), the different research designs describe how the information is gathered within the designs. Explorative is used when the researchers have limited knowledge about the topic. The descriptive approach is when the researchers possess knowledge on the topic, but would like to quantify their knowledge.

Explorative design
Since the authors had limited knowledge about how the German consumers operate within the sporting retailer market, it was decided to increase knowledge through explorative research. The authors decided upon having three separate in-depth interviews, to collect responses without the group influence factor (Gripsrud, Olsson and Silkoset 2010:39).

Descriptive design
The descriptive approach is used when the researcher has a general knowledge about the field the research is comprised of, something the authors felt confident about when conducting the descriptive approach. The descriptive research was a survey that was conducted online where it was asked about German consumer preferences, behaviour, budgets, demographics, etc. Conducting this survey provided the opportunity to get first-hand quantifiable data from the German consumers (Gripsrud, Olsson and Silkoset 2010:41).

Casual design
Casual design is about finding causality between different variables, which is conducted through experiments. The authors did not find it to be relevant to the study and was therefore not conducted (Gripsrud, Olsson and Silkoset 2010:45).
3.4 Data collection

To be able to conduct the thesis it was necessary to answer the research questions. To start, secondary data was used to its full extent to gather all the available information that was needed, but secondary data alone could not cover the whole aspect of the thesis. There were clearly some research questions that could not be answered by secondary data alone, which made it necessary to conduct other means of information gathering. The primary data was gathered by in-depth interviews first and then by a survey.

Secondary data

There are primarily two types of secondary data:

- Internal – The data was gathered directly from the company’s own website. Since the company is on the Norwegian stock exchange, there was no need to ask for data directly from XXL, since they are legally obliged to make all relevant information about the company public.
- External – All gathered data came from standardised sources like books, websites, newspapers, publications, etc. (Gripsrud, Olsson and Silkoset 2010:58).

Primary data

The authors gathered primary data in order to answer the research questions. This data can be divided into two categories: qualitative and quantitative data. It was gathered to answer the questions that the secondary data was not able to. In the beginning, the authors started with the qualitative research to get a more describing insight into the consumers in the German market. Information from the interviews was conducted to structure the questions for the survey (Gripsrud, Olsson and Silkoset 2010:79).

3.5 Data analysis

Interviews

Three separate interviews were conducted, in which all of the participants were in their early twenties. All of the participants were selected by convenience. All participants lived and studied in Mannheim, so in order to create disparity between the interview subjects they were chosen on basis of where in Germany they came from. To optimise the relevance they were all from
different major cities in south Germany. Since the authors started with conducting interviews, the survey will bring more validity to the research of the authors.

Findings
None of the participants had any form of loyalty towards any sporting goods stores in the German market. Price and quality were regarded among the participants as two of the most important criteria when purchasing sporting goods.

The authors discovered a common goal for the participants; they were all active because they wanted to stay in shape. Concerning stores they associated with high quality, all of the participants mentioned Intersport as one of, or as the only example. One key finding was that all of the participants considered themselves as “price-sensitive”, something the authors regard as vital, since XXL is a low-cost provider of well-known brands.

Survey
The survey was an online-based survey that consisted of 39 questions, translated into German to target the preferred consumer group that was of interest for the thesis. Multiple questions were based on the interviews and secondary data. The survey had 247 respondents finishing the questionnaire. Considering the satisfactory amount of respondents, the authors had the opportunity of being more critical when analysing the data. After this was done there were 132 respondents left.

The amount of respondents that completed the questionnaire (247) was satisfactory, allowing the authors to critically analyse the collected data, and setting higher standards for data collection. On the basis of the higher standards 134 respondents were included in the analysis.

The key findings were derived from questions that were made in a non-comparative scale (Gripsrud, Olsson and Silkoset 2010:113), which means the questions concerned attitudes and associations, and not directly comparable to each other.

Findings
The findings below were of most significance, when answering the research questions. The entirety of the survey results can be found in the appendix (5).
3.6 Purchasing behaviour in Germany

The authors found analysing the German market’s consumer habits necessary, as one of the most important factor. Figure 2 illustrates the frequency in the consumers’ purchasing behaviour. It indicates that the majority of the consumers purchase less than once a year, and 38% are purchasing sporting goods quarterly or more often.

![Figure 2: Frequency in purchasing behaviour, sporting goods (Self-provided).](image)

The authors sought to find out if the German consumers agreed with the interview objects; is quality material an important criterion? The importance was measured on a standardised Likert scale from 1 to 7 of how important quality was as a purchasing criterion, 1 being rather unimportant and 7 being very important. The survey confirmed the findings from the interviews, that quality is an important criterion for the German consumer. 91% said that quality was an important criterion, which fits with the overall strategy of XXL.
Since XXL is a low-cost provider, the authors considered it crucial to analyse how important price is as a criterion for the German consumers. 95% agreed with the findings in the interviews; price is an important criterion when purchasing sporting goods.

The interviews (Appendix 1), then followed by survey findings as shown underneath, clearly indicates that German consumers prefer bigger stores with a wide product offering, rather than smaller niche stores. This falls well in line with XXL’s “big box” concept, which will be further explained in the internal analysis.
3.7 Associations to Norwegian products

The authors got indications concerning the associations to Norwegian products through the interviews, although saw it necessary to attain more in-depth knowledge about the consumers’ associations to Norway. 75% of the respondents associated Norwegian products with good quality, supporting findings conducted in the interviews. This is regarded as positive by the authors, as quality is perceived to be an important criterion when purchasing sporting goods.
The authors found it interesting that the respondents from the interviews associated Norwegian products with high prices, and wanted to know if this was an association that was broadly shared within the German market. The findings in the survey showed that as much as 77% associate Norwegian products with high prices.

![Figure 7: Associations of Norwegian products – high prices (Self-provided).](image)

When asking consumers what products they would prefer to buy from a Norwegian retailer, 83% answered they would prefer buying winter clothing. The question addressed the importance of knowing if there were any particular products the German consumers would buy in a Norwegian store in comparison to other retailers.

![Figure 8: Preferred clothing bought in a Norwegian store - Winter clothing (Self-provided).](image)
3.8 Data conclusion

Summary
Although having an abundance of respondents to the survey, setting high standards for data analysis, the authors acknowledge that the results might be lacking in ability to be generalised. This stems from the limited diversity among the participants, a consequence of choosing social media channels frequently visited by students as a distribution platform.

Validity
Concerning the level of accuracy of the analysis, defining validity as the ability to measure what was intended, the potential lack of general appliance of the results might reduce the accuracy in question. Although, worth mentioning is the fact that despite a large fraction of the respondents being within the same age group (early 20’s) and having similar demographic profiles (students), the authors observed a diverse set of traits among the population, on the basis of the data results.

As a measure to ensure content validity, the authors based the survey design on previously conducted interviews and made sure to include both comparable and non-comparable elements. These actions allowed both objective comparisons within the population as well as subjective insights. The parameters of the questionnaire were developed on a step-by-step basis during the pre-testing of the survey. The authors selected controlled and limited populations for each stage, using participant feedback to improve content and face validity. (Gripsrud, Olsson and Silkoset, 2010:101) It is important to note that during this phase, the survey design was in English, whereas the questionnaire has been translated to German in the latter stages of its development. This is recognised as a factor with a potential harmful effect to its overall validity, due to the possibility of accuracy being lost in translation. The survey was translated with the assistance of fluent Germans as a counter measure to potential losses.

Reliability
The level of consistency throughout the data results can be determined by measuring the same factors multiple times, and examine the occurrence of inconsistencies. (Gripsrud, Olsson and Silkoset, 2010:102) The authors kept this in mind throughout the developmental process of the survey, leading to the design where the questions are in a consequent structure, with the aim of gaining the ability of following a “red thread”
throughout the data results. To further increase the level of consistency and the surveys overall reliability, it is recognised by the authors that reliability tests should have been included.
Internal Analysis
4. **Internal analysis**

4.1 **VRIO framework**

The VRIO framework is an analytical tool that has the capability to create an understanding of the relationship between the resources they control, and the performance of the firm. It is also used to discover whether a company’s resources can be used to create a sustainable competitive advantage (Barney, 1991).

Not all resources have the ability to create this competitive advantage, so according to the framework, the resource has to be: *valuable, rare, hard to imitate* and *organised* for it to be able to create the competitive advantage.

- **Valuable**: A resource is valuable when they significantly affect a customer’s willingness to pay, and/or the cost of “serving” the customer.
- **Rarity**: Resources the “average company” also holds cannot explain performance exceeding the average.
- **Imitability**: A valuable and rare resource can give a competitive advantage, but in order for it to be sustainable, the respective resource must be difficult to imitate.
- **Organisation**: Even though the resources possess all the qualities previously mentioned, the company has to be organised in a fashion to exploit its resources and capabilities.

There are several ways to divide the resources and the authors have chosen to divide them in the following categories: Sustainable company assets, immaterial assets and organisational capabilities.

*Sustainable company assets* include technological, financial and physical assets. *Immaterial assets* include brand equity, innovation and human resources. *Organisational capabilities* mean that the company is structured in a way that it is capable of exploiting its immaterial and sustainable company assets to their advantage.
Management

The top management of XXL has a great variety of competence with many years of experience within the retail market. Several managers have experience from key positions with big retailers and direct competitors such as Elkjøp, H&M, Telenor, Stadium, G-Sport and Intersport. By examining the performance within their home market and expansions to Sweden and Finland, the authors will be able to draw a picture of whether or not XXL has been successful to exploit the resources and capabilities they possess to a market outside Norway. This will in turn indicate how efficiently XXL will be able to penetrate the German market based on previous strategies and results when expanding abroad.

XXL generated total revenues of NOK 6.5 billion for 2015, representing a growth rate of 24% from 2014. Operations in Norway represented a growth of 8.3%, Sweden 29.2%, Finland 182.6% and E-commerce sales increased by 71% (XXL ASA, 2016). The number of stores in this period increased by 8, one in Norway, three in Sweden and four in Finland. They also managed an increase in EBITDA from 11% - 14% (Norway 21.1%, Sweden 9.2% and Finland 2.3%). This indicates that both their growth and profitability have been positive. Furthermore, this demonstrates XXL’s ability, with the help of management’s experience and knowledge, to expand aggressively without sacrificing their profitability.

XXL’s rapid growth and positive results prove that they possess a unique capability that is difficult to imitate and will be valuable for XXL in their future growth. XXL is also embedded in a way that makes it possible to benefit from the management's experience and know-how.

Big Box

XXL’s strategy of implementing several shops within one “big box” concept, to serve all the customer needs in one place has been a great success. The “big box” consists of six departments inside the store, with each department specialising on different activities. The departments consist of 1) sport, health and fitness, 2) shoes, 3) sportswear, 4) outdoor activities, 5) skiing/bicycles and 6) hunting (XXL Annual report, 2016:5).
The “one-stop-shop” concept covers all customer needs in one location, and therefore has made it possible for XXL to differentiate itself from other retailers in a competitive market. This can clearly be recognised in the Norwegian market where XXL’s turnover per store is 88% higher than their rivals.’

The “big box” concept enables XXL to take advantage of economy of scale, contributing to their effective and efficient low-cost operations. These economies of scale include effective logistics, big and efficient warehouses, strategically placed locations, more control and procurement from suppliers.

It is difficult to quantify the advantages brought by economies of scale on their economies of scale and the advantages they bring, however, their operating margins are significantly higher than their competitors’. It is also likely that economies of scale combined with their large warehouses have a positive effect on their operating margins. As stated by Mr. Steenbuch, because of XXL’s strategy they have managed to keep their costs at a level, which is approximately 10-15% lower than their rivals. This in turn creates an opportunity to price their products 10-15% lower as well, without negatively affecting their profit margin.

The authors consider XXL’s big box concept as a valuable temporary competitive advantage but not sustainable as it is imitable.

Employees
As stated by Mr. Steenbuch, XXL’s goal is to provide their guests with the best service in the industry (XXL Annual report, 2016:5). The employees are the direct link between XXL and the end customers, and provide the service and knowledge the customers demand; they are the face of XXL. Their knowledge and motivation are therefore important factors affecting their customers’ perception of XXL.

XXL has recognised the importance of their employees, and put a lot of resources into team building and sales training. The sales people specialise in one of their six departments, usually an area of personal interest. Camp Finnskogen is a camp where XXL send their employees in order to further develop their sales skills and focus on team building. Here they get the chance to try products they will later sell and interact with colleagues in a different environment than at work (Bilag XXL, 2013).
This recognition has contributed in XXL being able to attract the best employees and keep the existing ones. Further, this results in great overall competence within XXL’s sales force.

XXL’s sales force is an important resource, and it has a positive influence on the customers’ willingness to pay. It is logical to assume that this is a resource competitors are also focusing on and have similar programs. This is a resource smaller niche stores also are able to obtain through their field of expertise. The authors do not see XXL’s sales force as a sustainable competitive advantage.

**Brand**

XXL’s brand equity is strong in the Norwegian market, and is growing stronger in Sweden and Finland. Their strategy is to create awareness and belief among the customers that they do not need to look anywhere else. In order to do this they wish to implement perceived knowledge about XXL that they are a low-cost provider of sporting goods, with the widest product range including well-known brands. This is constantly repeated in their marketing campaigns consisting of “price match”, “Xtra Xtra Low (XXL) prices”, “only known brands” etc. (XXL, 2016).

It has also been proven through various price tests that XXL has the lowest prices in the market (TV2, 2016).

This is insurance for the customer that they will not be able to find the product at a lower price anywhere else. It also creates value for XXL in form of more customers and higher revenues.

This recognition from the customers is visible through their high scores in various customer loyalty and satisfaction surveys in both Norway and Sweden, which indicates that they are managing to create the same recognition in new markets (DN, 2016).

This is an important and sustainable competitive advantage, which is difficult to imitate for competitors.
Summary of VRIO framework

XXL has no strategic or company assets, which provides them with a sustainable competitive advantage.

The big box concept and employees are valuable factors in XXL’s strategy, but they are imitable by their rivals and therefore not sustainable competitive advantages.

XXL has managed to create a brand name with strong brand equity in the Norwegian market and is on the verge of accomplishing it in the Swedish market. The authors recognise strong brand equity as both sustainable, rare, difficult to imitate and well managed by the management.

The authors consider XXL’s management to be their most important sustainable competitive advantage. Their valuable experience, know-how and competencies in the retail market is regarded as vital when it comes to XXL’s further growth.

<table>
<thead>
<tr>
<th>Resource:</th>
<th>Valuable?</th>
<th>Rare?</th>
<th>Hard to imitate?</th>
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<tr>
<td>Big-box</td>
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</tbody>
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Figure 10: VRIO Framework summary (Self-provided).
4.2 Value chain analysis

Figure 11: Value Chain Analysis (Porter, 1985)

Michael Porter introduced the Value Chain in “Competitive Advantage: Creating and Sustaining Superior Performance” (1985). The idea of the value chain is based on seeing a manufacturing or service organisation as a system with inputs, transformation processes and outputs, which involves the acquisition and consumption of resources. How these value chain activities are carried out determines costs, affects profits and in the end links it up to the XXL’s competitive position.

The authors will analyse the value chain in order to identify competitive advantages or areas of improvement, and have chosen the activities of highest importance for XXL. This analysis will also be important to our SWOT analysis.

Inbound Logistics

XXL has two central warehouses; one in Norway located at Gardermoen, which focuses on the Norwegian market, while the other one in Örebro, Sweden, focuses on XXL’s international operations (Finland and Sweden). XXL also doubled the storage capacity in their Swedish warehouse last year from 20,000 to 40,000 square meters, which gives XXL the possibility to serve the increasing demand in Sweden and Finland, as well as new market entries (XXL ASA, 2016).

Both warehouses are equipped with “state of the art” technology and robotics, which makes them cost effective and efficient, automating the entire process within their warehouses (XXL Annual report 2016:9).

Deliveries to local warehouses and stores are contracted to third parties and usually delivered within one day.

In addition, the shipping process and order packaging is customised to their e-commerce business to meet the specific requirements leading to low operational costs.

Purchasing managers are responsible for their product category as well as marketing, providing input on in-store placement leading to a standardised product offering in all markets. This in turn makes the purchasing process efficient and flexible, enabling XXL to adapt to trends and meet demand for new products.
Operations
XXL has developed a customised IT-system, which manages in-store inventory levels and optimises turnover. Constant inventory checks are conducted by the fully automated IT-system and sets the limits for optimal min-max inventory levels (XXL Annual report, 2016:10). The system is also important for monitoring business performance, which is critical to management's ability to improve store performance.

Outbound logistics
XXL owns all of its stores leading to full control and optimal execution of the value chain. The stores are positioned strategically, with a basis in convenience both for customers as well for products to be shipped efficiently from their warehouses in Norway and Sweden.

Sales & Marketing
XXL has an aggressive marketing strategy, focusing on cross channel marketing to develop brand awareness and raise customer loyalty. In addition, XXL aims to attract new customers and to establish entries with new stores into new markets. Their main marketing activities correlates to the promotion of their stores and website; although XXL will focus more on digital marketing in the future, in addition to the already existing marketing channels (XXL Annual report, 2016:10).

Services
XXL’s business model is based on its capability in keeping costs low to ensure the lowest prices within its market. The company’s confidence shines through with their price guarantee, which offers a refund of the difference in cost if the same product is found at a lower price in another store within 30 days. XXL is also offering a 100% satisfaction guarantee in Norway and Finland, a policy the authors expect to be implemented in Sweden as well. Customers are entitled to exchange the purchased product for a different product in the same category within 30 days after purchase. Unused products may also be refunded or swapped within 100 days of purchase and within a year in Sweden (XXL Annual report, 2016:9).
Conclusion

In order for XXL to maintain control over the value chain, their strategy demands to operate and own all of their stores without any franchise agreements or joint ventures (XXL Annual report, 2016:6). This enables them to track their store performance, inventory levels and sales data continuously, which in turn makes it possible for XXL to optimise their stock levels at all times. XXL’s low price strategy is dependent on an integrated and efficient value chain, having invested in state of the art technology and warehouses; they have managed to push costs to a very competitive level.

The authors view XXL’s value chain activities as vital for the functioning of their low price strategy.

4.3 **ACE model – Attitudes, Competence and Embodiment**

Research has come up with three components in order to identify what components separate successful and unsuccessful exporting companies (Solberg, 2009:132). These components are attitudes, competence and embodiment. Analysing these will indicate how well XXL cooperates in its foreign market network, their willingness to take risk and how involved the top management is in the company’s exports.

The authors included the ACE model in order to analyse whether XXL is prepared for further internationalisation. Key findings will be important to our SWOT analysis.

4.3.1 **Attitudes**

Describes the importance of having the right attitudes toward the organisations decisions and activities with a foreign counterpart. Important attitudes are risk aversion, market orientation, attitude towards foreign cultures and attitudes toward obstacles in the market (Solberg, 2009:132)

*Risk aversion*

Successful exporters tend to have a higher willingness and capability to take risk (Solberg, 2009: 132).

Business always comes with a certain risk and doing business in new foreign markets increases this risk. XXL’s management’s willingness to take risk is recognised by their previous market entries (Sweden and Finland). Through their aggressive market entry strategies, they have managed to rapidly capture market shares becoming the biggest
sporting retailer in the Nordic countries (Norway, Denmark, Sweden, Finland and Iceland) (DN 2015).

XXL also possess economic strength, which enables them to reduce risk factors by increasing market knowledge through extensive preparations. XXL’s managerial experience and knowledge also ensures decreasing these factors. Based on this the authors recognise the company’s risk aversion as low.

*Market orientation*

It is proven that successful exporters are more focused on their market position as well as establishing relationships with representatives and customers, than they do on product development. Their focus is towards the market and not the product (Solberg, 2009: 133). XXL has so far established itself in markets with similar culture and preferences as their home market, Norway (Gesteland, 2012:351). This has made the need for adaption limited, decreasing the risk when establishing itself in these markets. XXL is present in all of their markets with local in-store sales staff and regional offices.

The authors recognise XXL as a highly market oriented company through the embedded local presence.

*Attitudes toward foreign cultures*

C.A. Solberg (1988) analysed the working environment in multiple foreign countries based on successful and unsuccessful Norwegian exporters, and identified that successful exporters tend to have fewer problems when cooperating abroad (Solberg, 2009:134). The findings underline that the Swedish market is recognised as the easiest market to operate in, while Finland scores lower than Sweden (Solberg, 2009:135). The authors conclude that XXL successfully entered both the Finnish and Swedish market, proving their capability to effectively penetrate both similar and less similar markets, representable by Sweden and Finland. The authors recognise XXL as a company with a positive attitude toward foreign cultures.

*Market restrictions*

All of XXL’s operations are within the borders of the EU and EFTA (European free trade association) and in politically stable markets, ensuring free movement within the EU and enabling them to compete without being restrained by market restrictions.
4.3.2 Competence
Capabilities and insight are important factors that affect an exporter’s success and value creation. These factors have great influence in XXL’s capability of creating value while expanding into new markets. However, these capabilities and insights are not enough to separate the successful and unsuccessful exporters. In order to sustain success, the highest influential factor in terms of international success, is how the marketing mix is applied in the different markets (Solberg 2009:136).

Marketing
Successful exporters tend to focus more on product development and cooperation with their customers (Solberg 2009:136). XXL has a standardised product portfolio in clear demand, leaving cooperation with its customers a vital factor. They focus on “an aggressive marketing strategy with an aim to be the dominant force across targeted channels” (XXL Annual report 2015:8). The marketing activities’ goal is to increase brand equity and to establish a “top-of-mind” position, which ensures higher loyalty among customers and easier market entries. These activities are distributed through several channels, for example newspapers, social media, internet etc.

Successful exporters tend to have better cost and profit control than unsuccessful exporters (Solberg 2009:136). This is an area where XXL has performed very well in, managing to create corporate value in established markets, in addition to newly entered markets.

CEO, Mr Steenbuch says, “cost control is my favourite, the one with the lowest costs wins” (DN 2015).

4.3.3 Embodiment
In order to attain strategic success in exports and new market expansions, it is important to embed the strategy into the full array of the company structure; having top to bottom commitment to the new engagement. (Solberg 2009:137). In other words, the entire company needs to be involved in the internationalisation process to be able to fully exploit the available resources. Research shows that export usually get the top management involved when it contributes with 15-30% of the company’s revenue. In XXL’s case, exports contributed with 44% of their operating revenue for 2015 (XXL Annual report 2016:4). When looking at XXL’s management and board of directors, they consist of representatives of all countries they operate in, which indicates that their exporting operations are fully integrated in the top management.
Conclusion

XXL is an exporter experiencing great success in its market expansion. By conducting the ACE Model, the authors establish that XXL holds several important traits, which recognises successful importers according to C.A. Solberg (2009). Especially low risk aversion, economic strength and positive attitudes toward foreign cultures stand out. The significant contribution foreign operations represent suggests a fully integrated involvement of the company into the XXL’s export strategies, allowing them to take full advantage of the resources their employees possess.

4.4 The Bakka Model

The Bakka model describes the different phases a company might find itself in its internationalisation process and the factors that might influence its decisions. It divides the process into five phases; trial export, extensive export, intensive export, multinational marketing and global marketing (Solberg 2009:119). Due to the difficulty of locating a company in the model, it has received some criticism. Despite this, the authors recognise the models ability to describe a company’s internationalisation process and have chosen to apply the model.

Trial export describes a company with very limited knowledge and experience from exports, which often leads to basic, but costly mistakes. Especially export technical elements such as currency and embargo, payment, credit time and basic market situations are common areas for mistakes. Companies are often involved in exports on others initiative, such as an inquiry from a foreign customer, often leading the company into unsuccessful relationships (Solberg 2009:119).

Extensive export: This phase describes a company without a clear strategy. They are often to confident, getting involved in too many markets with too many agent contracts. They lack the resources to manage their operations and the CEO is often responsible for all the foreign operations (Solberg 2009: 120).

Intensive Export is a phase when the foreign operations is starting to change the company. Its increasing experience results in improved decision-making and lowers the frequency of mistakes. The company pulls out of markets with little to no strategic value, allowing them to focus on the primary markets.
Multinational marketing: Foreign operations are now a fully integrated part of the company’s business and of equal importance as the reference market. Future company growth is now coming from exports indicating how crucial exports has become. Local market analysis is important to adjust marketing mix decisions. A clear-cut strategy is now developed.

Global marketing is the last phase of the model and describes a global company with global product offering and promotion. It has a big market share in key markets and is often the price leader (Solberg 2009: 121).

*Motive of export*
XXL’s motive for export seems to be mainly strategic. XXL’s reference market is of limited size and if the company wants to maintain their rapid growth, they need to expand into other markets. This dependency on foreign markets is increasing the importance for XXL’s internationalisation process. By growing, XXL will improve their economies of scale and reduce unit costs. XXL is assigned in the multinational marketing section.

*Market selection*
XXL is currently operating in three markets, all neighbouring countries. The authors consider the reason for this market selection to be strategic because the countries’ climate (four seasons) fits the strategy and product offering of XXL. Exporting to Finland and Sweden enables XXL to implement the same strategy as in their reference market and limits the need for adaption. Because of XXL’s focus on primary markets, the authors choose to locate them in intensive export.

*Market share*
In 2015 XXL became the market leader in the Nordic countries. The market shares in their respective markets are 28.2% in Norway and 14.9% in Sweden (XXL Annual report 2016:13) and 10% in Finland (XXL ASA 2016). The strong position in their primary markets gives XXL a dominant position. The authors therefore position them as multinational marketing.

*Organisation*
XXL’s foreign operations are a well-integrated part of the company, operating with local sales offices in each market as well as numerous stores. The company has two
central warehouses, one situated in Gardermoen, Norway to supply the Norwegian market, and Örebro, Sweden that supplies all foreign operations. Because of XXL’s presence in its foreign markets, the authors position them as multinational marketing.

Entry strategy
Previously, XXL’s entry strategy has consisted of extensive initial investments, establishing local sales offices and on-site stores, thus enabling XXL to gain market knowledge while rapidly expanding. The sales offices consist mainly of local employees, including staff with previous experience from both direct and indirect competitors (XXL ASA, 2016). Based on this, XXL is situated in intensive export.

Marketing mix
XXL’s adjustments in the different markets are limited to cultural and language adaption. Market communication and promotion is mainly the same in all markets. By focusing on their wide product-offering and low prices they wish to create a brand awareness and a top-of-mind position among its customers in all markets. Because of XXL’s low prices (essential to their strategy) and little product development, the authors place XXL in extensive exports. As earlier mentioned, it may be difficult to place a company within the model as it can be argued they should be placed in multinational marketing, due to their significant investments in branding.

Economic result
International operations accounted for 44% of XXL’s revenue in 2015, Finland accounting for 13% and Sweden 31% respectively. The company’s overall EBITDA margin (%) in 2015 was 11.2%, Norwegian operations 21.1%, Sweden 9.2% and Finland 2.3%. Even though XXL entered these markets as late as 2010 (Sweden) and 2013 (Finland), their overall results are satisfying and essential to the company (XXL Annual report, 2016:4). XXL is assigned to multinational marketing.
4.4.8 **Conclusion of the Bakka Model**

XXL is mainly characterised as being in the multinational marketing phase, but also in intensive and extensive export. As XXL’s international process grows, their position in the multinational phase will strengthen.

![Figure 12: Uppsalaskolen’s Bakka Model (1973).](Image)

<table>
<thead>
<tr>
<th>Expert motive</th>
<th>Trial export</th>
<th>Extensive export</th>
<th>Intensive export</th>
<th>Multinational marketing</th>
<th>Global marketing</th>
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<tr>
<td><strong>Market selection</strong></td>
<td><strong>Operative</strong></td>
<td><strong>Operative</strong></td>
<td><strong>Strategic/Operative</strong></td>
<td><strong>Mainly strategic</strong></td>
<td><strong>Mainly strategic</strong></td>
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<td>Neighbouring country</td>
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<td>chosen by coincidence</td>
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<td><strong>Market share</strong></td>
<td>Invasive</td>
<td>Insignificant</td>
<td>Increasing</td>
<td>Large market share in</td>
<td>Large market share in key</td>
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<td>selected markets</td>
<td>markets</td>
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<tr>
<td><strong>Organization</strong></td>
<td>“One-man show” part-time Distributor</td>
<td>“One-man show” full-time Distributor</td>
<td>Export department Agents</td>
<td>International division Sales office</td>
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</tr>
<tr>
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<td>Licensing Production</td>
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<tr>
<td><strong>Marketing mix</strong></td>
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<td>Necessary product adaptation Cultural adaptation</td>
<td>Cultural adaptation Branding</td>
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<td></td>
<td></td>
<td>Same promotion Low prices</td>
<td>Medium prices</td>
<td>High prices</td>
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<td><strong>Economic result</strong></td>
<td>Marginal or negative</td>
<td>Marginal or negative</td>
<td>Positive contribution</td>
<td>Mutually dependent on home market</td>
<td>Price leader</td>
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<td>Main source of revenue</td>
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4.5 **Boston Consulting Group-Matrix**

According to Solberg (2009), the company’s market share in its reference market could have great effect on its capabilities to enter new markets. Meaning that a company with high market share and earnings in its reference market will have greater chance of being successful when entering new markets. The authors have chosen to incorporate the matrix in order to analyse XXL’s preparedness internationalisation.

The matrix builds on two variables: 1) the growth in the market and 2) the relative market share. The BCG matrix focuses on the company’s market share because it relates to high earnings through economy of scale and high brand equity.
Each window describes a different position the company could find itself in. *Cash Cow* refers to a company with good earnings and little need for reinvestments because of low market growth. *Star* is when a company find itself in a fast growing market with big market shares. They need to invest in order to maintain their strong market position. *Question mark* refers to a market where a company has low market share and usually ends up with a negative cash flow. The company has to make a decision whether it should invest heavily to establish a competitive position or leave the market. The *dog* represents a market situation where you either leave or harvest. This means pulling out of the market or run your operations as long as you have a positive result without making any investments. (Solberg, 2009:147)

Based on the BCG-Matrix analysis, XXL finds itself in a market with relatively high market growth, 7.3% in 2015 (Sportsbransjen AS, 2016). XXL is also the market leader with a market share of 28.2% in the Norwegian market. Combining both the relative high market growth and their high market share it can be concluded that XXL belongs in the star window, indicating that XXL is ready for internationalisation.
4.6 Market Network

Johanson and Mattson (1989) stated that without access to a good network in foreign markets, the company would struggle to evolve. Because market networks help reduce risk and uncertainty, it can to some extent be claimed that network and information has the same decision-making function. (Solberg, 2009:125).

Eisenhardt’s agent-principal theory (1989) address business partners’ tendency to behave opportunistic, touching on an essential part of network; trust. Therefore, depending on the relationship with your network it is important to some extent analyse information with a critical view.

A well-established network can be of great significance for company, reducing the need for costly and time-consuming conduction of analysis and improved market communication. Solberg and Durrieu (2004) conducted a study of Norwegian companies’ international networks. Their results indicated that companies with functioning networks also have an active and successful product development, and are well equipped to position themselves relative to their competitors in a foreign market (Solberg, 2009: 148).

XXL has established local offices in both Sweden and Finland. By maintaining control over its foreign operations through regional offices, XXL creates an environment where everyone has the same interest. The regional presence provides improved market communication and lays a foundation for well-established networks. This strategy also creates trust throughout the network, as well as reduces the need for time-consuming control of information.

Conclusion

Because of XXL’s use of regional offices, the authors recognise their foreign networks as strong and trustworthy. Because of the significant investments needed for XXL to establish itself in a new market, the authors evaluate their strategy of using regional offices as important.

4.7 Preparedness for internationalisation

On the basis of the internal analysis conducted, the authors regard XXL’s preparedness for internationalisation as medium.
External Analysis
5. **External analysis**

5.1 **Germany’s sport retail market**

*Intersport*

Worldwide, Intersport is one of the largest retailers in the market of sporting goods and has a strong position in Germany, where it has operated since 1956 (Intersport(a), 2016). Intersport is currently held under the IIC umbrella; Intersport International Corporation (est. 1968), with 1492 stores in Germany alone, offering both exclusive and second hand products (Intersport(a), 2016).

*Sport 2000 International GmbH*

Founded in 1966, Sport 2000 was the result of a merger between 36 retailers (sport2000(a), 2016), and as of today present in 24 countries with 3855 outlets, spanning more than €6,3 billion in annual turnover (sport2000(b), 2016).

Being one of the largest sporting goods companies in Germany, Sport 2000 serves a large quantity of the German consumer market through its 900 outlets, and provides its customers with both exclusive and second hand merchandize (sport2000(c), 2016).

*Decathlon*

Originally founded in France (1976), and expanding to Germany in 1986 (Decathlon(a), 2016), the Decathlon Group can now be found at 1053 locations spanning across 28 nations; 30 of which can be found in Germany. (Decathlon(b), 2016)

Decathlon prides itself on design and innovation, constantly improving their 20 brands that they offer to their consumers, registering up to 40 patents annually. (Decathlon(a), 2016)

As of 2015, Decathlon had a turnover of €9,1 billion, 35% of which originating in France, in other words they are dependent on international performance, representing 65% of their annual turnover (Decathlon(b), 2016).

There are many large competing retailers in Germany, many of which operate on the grander European and international markets. In Germany, and Europe for that matter, Intersport and Sport 2000 are considered as the giants of sportswear, with Intersport controlling 37% of the market share in Germany and 20% of the European market (Sporting Goods(a), 2012).

Other large competing retailers in the German market are Karstadt Sport, Runners Point, SportArena by Kaufhof, and the Globetrotter Group.
Globally, in Europe, and especially in Germany, there is a megatrend driving the future of sportswear and equipment, leading to soaring estimations for the markets future. As of 2014, approximately 25 million Germans participated in sports and other activities, designating Germany as the largest market for sportswear and equipment in Europe, with 30% of its citizens as potential customers. Estimations for the years to come are forecasting up to 2% annual growth in Germany, making it an even more attractive market for future prospects (Sporting Goods (b), 2014).

5.2 Globality of the industry

The sportswear industry has experienced tremendous growth over the past few years, and many believe that the market is due for stagnation in the near future. Based on research conducted by Morgan Stanley, the authors will examine the global market for sportswear, estimations for the future, as well as possible growth drivers.

As of 2015, sports apparel and footwear sales reached $270 billion worldwide, a 42% increase since 2008; and prospects for the future are getting stronger as health and fitness trends goes global. According to the research conducted by Morgan Stanley, estimations predict additional growth of more than 30% by 2020 (Sporting Goods(c), 2015).

The sports that one participates in, either as players or observers, has the potential of influencing what one wears, and a stronger focus on health has resulted in a more active lifestyle. In the US, sports participation rates among high school students has increased to 35%, whereas the overall participation rate was 25% 35 years ago. Examined by Morgan Stanley, the main factor of this growth has been identified as a strong increase in female participants (17-32%) (Sporting Goods(c), 2015).
These findings are of great interest, because Morgan Stanley refer to a correlation between the consumers’ interest in sports and whether they participated in sports during their youth. Therefore, a growing population of active youth can be interpreted as a growing population of future consumers in the sportswear industry (Sporting Goods(c), 2015).

The growth however is not limited to the US market, which currently accounts for 36% for all sportswear sales. Morgan Stanley predicts a strong development on a global scale. It is anticipated a 5% annual sales growth in Europe over the next 5 years, as well as forecasts of tremendous developments in China over the next decade. In China, the leadership has expressed the necessity of supporting athletic participation, and the need to develop a stronger sports infrastructure. China aims to get 500 million of its citizens to exercise and play sports on a regular basis, with plans of integrating football into school curriculums (Sporting Goods(c), 2015).
Based on the research that Morgan Stanley has conducted, and if their predictions for future development in the market of sportswear are correct, then the industry will experience a remarkable growth over the next decade, as the megatrend of health and fitness goes global.

5.3 Porter’s 5 Forces

Porter’s five forces is a model designed to map the competitive structure within a market, and the eventual threats one will meet by entering. By making use of this tool, XXL can examine the German market and gain greater understanding of its competitive nature. This is done by examining five key factors; new entrants, buyers, substitutes, suppliers and competitive rivalry; whereas the latter examines competing companies and products, but due to the highly generic nature of second hand retailing, the authors have evaluated the level of competitive rivalry on the basis of the market conditions in which the competitors operates (CGMA, 2013).
New entrants
This factor defines the possibilities of new entrants (read “new competitors”) in the market, and is determined by the level of difficulty to enter the market.
It is stated that the five forces are of equal importance, although “new entrants” is particular important in the consumer goods market. This is due to the ripple effects that causes the market to react when there is a successful new market entry. New competitors add new capacity to the market, and the goal of capturing customers and market shares results in lowered prices and increased investments across the board.
There are several factors that determine entry barriers and the level of difficulty associated with entering a new market but critical factors are: customer loyalty, differentiation, economies of scale and requirement of capital (Investopedia, 2016).
Requirement of capital is a factor that affects ones’ ability to enter a market through acquiring a facility of operation and pre-revenue product ordering, but does not necessarily lead to a successful market entry, due to the variety of factors that needs to be in place to successfully attain customers over time (Investopedia, 2016).

Consumers & Customer loyalty
According to neo-classical theory, a rational consumer will change retailer to the one that offers the same product at the lowest price, as long as the price difference surpasses the cost of change (monetary, time, uncertainty, etc.) (Magma, 1999).
Changing sports retailer will not include significant switching costs. Retailers in the sports market mainly sell second hand produced merchandise, meaning there are few
factors that will lock customers to a certain retailer; Nike has very few retailers of their own brand, but many retailers offer Nike products.

The monetary cost of purchasing your next running shoes at XXL instead of Engelhorn is non-existing, assuming that it is the same brand and model.

The time it takes to change retailer mainly concerns the geographical location relative to the customer. Stores in the style of XXL will be weaker in this sense, due to their stores being few, but large.

Uncertainty is mainly concerned with product quality (read; price/quality ratio), and is largely based on brand awareness over retailer (A pair of Nike shoes is of the same quality, regardless if you buy from XXL or Engelhorn). When it comes to uncertainty in the context of price, XXL has navigated safely through this concern by offering 100% price-guarantee.

A factor that may increase consumer switching costs is the increased use of bundling products with convenience services; such as service-contracts and extended warrantees; leading to customer “lock-in”, since the customer will not be able to make use of (read; transfer) these services with another retailer.

Summarising the factors that affect consumers and customer loyalty in the retail sector that XXL operates in, one can assume that customer loyalty is low.

**Differentiation**

Differentiation is a matter of “standing out”, in the sense that the unique elements of your product or service can and will motivate consumers to pay a premium price (Strategic CFO, 2013). This is not a strategy that XXL makes use of, but has instead chosen to attract consumers by offering a lower price, broader product range and in depth knowledge of products and consumer preferences (read; in store services). These are all elements that XXL has made well use of; XXL offer a price guarantee, provide a wide product range through its (more than) 400 suppliers and offer expert customer service through its highly trained sales representatives (XXL ASA, 2016).

Differentiation is a factor that does not apply to XXL’s strategy, which has instead chosen to market itself as a cost leader without compromising quality, a trait that positively reimburses the XXL brand and image.

XXL is able to successfully perform as a low-cost provider due to their high level of cost efficiency, allowing them a larger margin of profit. The main factors keeping down their costs are the fully automated warehouse and efficient logistics.
Another strategy for attaining a larger profit margin is by obtaining economies of scale. This is done through producing goods in large volumes, reducing the costs of goods sold. A retailer that competes on price, but also produces their own goods in large quantities, must be perceived as a possible threat to XXL and other retailers leading a cost strategy.

Having looked at the threat of new entrants, by analysing the main factors it is comprised of, the authors determine that the threat is high, due the low entry barriers and the nature of an informed consumer with low switching costs.

*Buyers*

Buyer power is of extreme importance when conducting an analysis of Porter’s 5 forces, due to the role the consumers has in the business relationship; without consumers, there can be no business (Strategic CFO, 2013). The buyer power is relative to the market, and depends on many factors, such as industry, product and provider.

XXL operates in an industry mainly comprised of sportswear and equipment designed for an active lifestyle. This is an incredible broad market, comprised of a wide selection of products and consumers.

The buyers’ power can be summarised through a wide range of factors, whereas the main focus will be on price sensitivity, switching costs and the ability to substitute.

According to reinisfischer.com, the median net income in the European Union for 2015 was 1470€ per month, which equals to 17640€ per year (after taxes). According to the research, conducted through in-depth interviews and an online survey, the authors have observed the presence of price sensitivity in the average consumer. Now this sensitivity has to be seen relative to the income, especially since the subjects from interviews were students with limited income. It is important to note that the research was conducted in Germany, with a majority of German subjects, where the median net income is 2155€ per month (2015), (Reinis Fischer, 2015).

Before determining if consumers that XXL wants to attract are price sensitive, it has to be defined what it is to be price sensitive, and its implications. According to *Investopedia*, price sensitivity is “[…] the degree to which the price of a product affects consumers’ purchasing behaviour. The degree of price sensitivity varies from product to product and from consumer to consumer.” (Investopedia, 2016).
As mentioned previously, an informed consumer will switch to the lowest priced option as long as it doesn’t affect relative quality, and that the cost of switching is not costlier than the value gained by switching. Investopedia states, “Widely available, homogenous goods are more likely to exhibit high price sensitivity.” (Investopedia, 2016).

The sportswear market is, as mentioned earlier, mostly comprised of second hand retailers that offer the same product categories, with minor variations in quality and price, depending on product selection. This market is highly homogenous, in the sense that many products, although different brands, can fulfil the same task. Using this reasoning, it is logical to assume that the average consumer bears price sensitive traits when buying new sportswear and/or equipment, due to the highly competitive nature of second hand retailers and low switching costs.

When examining price sensitivity relative to income, it is assumable that the average German consumer is, due to a higher median income, slightly less sensitive than the average consumer in the European Union.

Another factor with increasing importance is the customers’ ability to substitute. Sportswear is as the name implies, designed to function at an optimal level when in activity. That is not to say that there are not alternatives. A consumer can still perform high-level activities in “regular” clothes. What this implies, is that there is a wider range of competitors in the sportswear market, due to not competing with the same product, but over the same consumer. A consumer can easily use a regular t-shirt instead of a shirt specifically designed for activities when he goes out to run.

Having examined the factors affecting the buyers’ power, the threat level is regarded as very high.

*Substitutes bargaining power*

Substitutes bargaining power refers to available alternatives for the consumer, whereas the available alternative(s) has the potential of replacing your product in the eyes of the customers, through similar, if not identical performance. This substitute product is defined by strategiccfo.com as “[…] a product from another industry that offers similar benefits to the consumer as the product produced by the firms within the industry.” (The Strategic CFO, 2013)

This force uses several key identifiers to measure the threat level, whereas the authors will focus on the ones most relevant to the sportswear industry, consumers switching costs, price, quality and performance.
In the case of XXL, who offers a wide range of products, not all can be easily replaced by substitutes, although there are scenarios where sportswear can be replaced by generic clothing.

As established previously, the consumers’ switching costs are relatively low, due to the high level of availability of sportswear stores, both physical and through e-commerce, and an abundance of actors in the sportswear market that offer similar products through second-hand retailing. The same conditions also exist on a more general level, comprising the entire clothing industry, with a large amount of actors offering similar products, either self-produced or through second-hand retailing. This conclusion is based on the generic nature of clothing, where there are minor differences, but all competitors essentially offer the same products; underwear, socks, pants, t-shirts, etc.

Price is an important element when estimating the threat of substitutes, due to the nature of a sensitive consumer. On the basis of price, strategiccfo.com says that “[…] there is a threat of substitute products […] if the substitute product is cheaper than the industry’s product […]” (The Strategic CFO, 2013).

This is of special relevance to the industry that XXL operates in, due to the generic nature of clothing and price sensitive consumers. A consumer can just as easily choose a generic set of clothing when exercising, sacrificing quality and performance in favour of price.

Quality and performance are essential elements when deciding which set of sportswear clothing to purchase, due to the conditions and environments that these clothes are designed for.

When producers such as Nike design sportswear articles, it is with the assumption that they will be used for sports and other conditions/environments where a high level of activity is involved.

Clothing, on a generic level, is not designed for these conditions, and one can consider the element of high-level conditions as the barrier that differentiate sportswear articles from the rest of the clothing industry, leading to the fact that substitutes does not pose a threat based on quality and performance. Strategiccfo.com defines this threat as existing when “[…] the substitute product is of equal or superior quality […] or performance of the substitute product are equal or superior to the industry’s product.” (The Strategic CFO, 2013).
Based on the elements that have been used to define the potential threat level of substitutes; switching costs, price, quality and performance, the threat of substitutes is regarded as high.

**Suppliers bargaining power**

XXL is a second-hand retailer with more than 400 suppliers, which includes a large variety in size, brand awareness and customer loyalty. Some of these suppliers, such as Nike and Adidas, are believed to hold a tremendous amount of power due to their size, international brand recognition and a large following of loyal customers. These elements grant a strong bargaining power over many, but taking XXL’s own size and market shares into account, whereas XXL currently hold 28,2% of the Norwegian market, 14,9% in Sweden and 10% in Finland. Due to the power that XXL itself holds in the market, the bargaining power of their stronger suppliers is neutral in terms of threat, and the relationship of power between XXL and their lesser-known suppliers is favourable in hands of the supplier. (XXL ASA, 2016).

The suppliers bargaining power are considered to be neutral.

**Competitive rivalry**

The level of competitive rivalry in the market of sportswear and equipment is determined by the market conditions, and can be estimated by analysing factors and their threat level; new entrants, buyers bargaining power, available substitutes and the suppliers bargaining power (Strategic CFO, 2013). The authors looked at the major factors determining market conditions. It is determined that the very high power consumers possess, due to the nature of second hand retailing and low shifting barriers, as well as the low requirement of market entry and easily available substitutes, contributes to increase rivalry among incumbents. Hence, the level of competitive rivalry is high.
5.4 PESTEL-analysis

The PESTEL-analysis is used to examine the macro-environment, which has an effect on industries and the market relevant for the respective company. This is a helpful tool for the external analysis and highlights different factors XXL has to consider when entering the German market. PESTEL stands for “Political, Economic, Social, Technological, Environmental and Legal” factors (Oxford Learning Lab 2016).

*Political factors*
Including in the political factors are stability, government policies, risk of corruption, etc.

The first political factor to acknowledge is that Norway is part of the EEA, the European Economic Area. This is an agreement providing the members (Norway, Iceland and Liechtenstein), entry to the internal market of the EU. The EEA agreement is based on the fundamental “Pillars of the Internal Market” (European External Action Service 2016): Free movement of goods, persons, services and capital. This give XXL access to the German market and reduce trade barriers. Germany’s membership with the EU in general and the WTO also makes it difficult for the German government to conduct independent legislations.

In the *Global Competitiveness Report 2015-2016*, Germany has climbed from fifth to fourth place, due to more efficiency in both labour and the financial market. Apart from

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<th>Porter’s 5 forces</th>
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<th>Buyers</th>
<th>Substitutes bargaining power</th>
<th>Suppliers bargaining power</th>
<th>Competitive Rivalry</th>
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*Figure 16: Summary Porter’s 5 forces (Self-provided).*
their progress, they still score low on their labour market efficiency, goods market efficiency and female participation in labour force, which indicates room to improve competitiveness.

**Economic Factors**

Stability in the economy, the economic strength and growth are important factors to analyse when measuring the attractiveness of the market a company is planning to enter.

With a population of approximately 80.8 million people (Worldometers, 2016), and the biggest GDP in the Euro Area with USD$3.868,28bn (Trading Economics, 2016), Germany is both the biggest economy and market in Europe.

The labour market is strong in Germany, showing economic growth since the financial crisis in 2008. Nonetheless, although the unemployment rate is low (4.6%), the growth in labour productivity has been declining. According to *OECD Economic Survey* for Germany, a greater gap in inequality has been observed, where the last years demonstrate that “low-income households have not benefitted from economic growth and investments” (OECD Germany Survey Overview, 2016).

Germany is also one of the countries least affected by the global recession starting back in 2008, in addition to being the third largest exporter in the world with USD$1.292bn, only beaten by China and the United States. Indicating that Germany is a fairly stable market for international expansion.

**Socio-cultural Factors**

This step in the analysis takes a look at the social and cultural changes, which takes place in the relevant business environment. Different social factors are affecting the way people behave, their attitudes and level of interest.

In order to compare Norway and Germany and their differences and similarities, an analysis using *Hofstede’s Cultural Dimensions* are applied.
The authors will focus on the original four dimensions: *Power Distance*, *Uncertainty Avoidance*, *Individualism* and *Masculinity*.

- **Power Distance**
  Power distance is about equality/inequality in power. It describes the degree of accept of the inequality in power in organisations. Both inequality and power are fundamental acts within a society and this show the distance of power and level of inequality of a country.

- **Uncertainty Avoidance**
  This is about the tolerance for uncertainty. It describes to what extent the society wants strict rules towards its decisions and attitude.

- **Individualism**
  Individualism is the parameter to indicate the degree of individualism versus collectivism. It describes if the society wishes to have loose ties between each other, where everyone are expected to look after for themselves, or if they are more towards loyalty within groups and mutual dependence.

- **Masculinity**
  This dimension refers to the difference between masculine and feminine countries in regards of the emotional roles of one and another. The masculine society tends to be more success oriented and assertive, whereas the feminine society is more focused on being more modest and on interpersonal relationships.

![Image](image.png)

*Figure 17: Dimension comparison Norway and Germany (Hofstede Centre, 2016).*
Norway and Germany portray many dimensional resemblances, with the exception of masculinity. The values, attitudes and beliefs in each country are similar and indicate that these barriers are low in terms of being trade partners, and in entering the German market for XXL. It is possible to see from this figure that German market is attractive. From an organisational point of view, regarding the uncertainty avoidance, individualism and power distance, they are all strong indications that XXL’s “Norwegian” structure will fit the German market. XXL has to be aware of the difference in masculinity, and adjust to German operations but make sure the masculine belief will not be on expense of the company profile.

According to OECD Better Life Index (2015), Germany’s level of health is above average in life quality. The degree of activity and to what extent the population pursue a healthy lifestyle, are important factors for XXL to address when entering a market.

Sport is also big in Germany, and they have previously hosted the FIFA World Cup in football, the Summer Olympics, as well as numerous other big sporting events. Sport is an inherently part of the German culture, offering opportunities for XXL if able to address these needs.

Other social factors in Germany are that they are focused on high skills and education. “In Germany, 87% of adults aged 25-64 have completed upper secondary education […],” (OECD, 2016) and this is higher than the average of all countries OECD has included in its studies.

Technological Factors
Germany is a highly developed technological country, especially regarding innovation. In both technology and science, Germany has leading universities, institutes, companies and so on. Germany is funding several EU-related projects, offering their laboratories and scientists for the respective projects (Pestle analysis for Germany, 2015).

XXL has an e-commerce business, thus, when implementing this business to the German market, it is logical to look at how the German population prefers to pay for their services, as well as the development of e-commerce sales in the market. According to Euromonitor (2016), cash is still the preferred method of payment for Germans. On the other hand, credit card usage is increasing, especially among the young- and middle-aged population. It is important to address the population age average in Germany, which is increasing. Consequently, a realistic assumption is that cash will remain the
primary method of payment in the near future, considering the older population still values cash over credit cards/online. On the other hand e-commerce nearly doubled in Germany between 2011 (€21,7bn) and 2014 (€41,9bn) (GTAI, 2015), and is expected to continue to grow. Therefore positioning an e-commerce business in Germany will be important to meet the growing demand.

*Environmental factors*

Germany and its government are turning to environmental and eco-friendly solutions. They are currently in a transformation period, where the goal is to change its energy system, to more environmentally friendly measures. This is in Germany referred to as “Energiewende”.

The environmental factors are important to take into consideration regarding the transportation of goods, the product fabrics and disposal of waste created.

*Legal factors*

The German law does not make any distinction between national and foreign businesses that wishes to either invest or establish themselves in the German market. There are in general no import restrictions, and there is no need for import licenses or permits to import into Germany.

The “Foreign Trade and Payments Act” in Germany is welcoming towards foreign investments and businesses who wishes to enter the German market. They are positive in regarding the “principle of freedom of foreign trade and payment transaction” (Germany Trade and Invest, 2016).

5.5 **Ansoff Matrix**

The Ansoff matrix is a strategic tool designed to aid managers in strategy development. The matrix operates on a two (2) scale system; new/existing product versus new/existing market, resulting in one of four strategic recommendations; market penetration, market development, product development and diversification.

Market development is defined as “The firm seeks growth by targeting its existing products to new market segments.” (QuickMBA, 2010)
Using this definition, market development suits XXL the best, since the strategy entails “[…] finding a new group of buyers for an existing product.” (The Marketing Agenda, 2015).

In the case of XXL, the strategic goal is to increase market share by expanding to a new geographical market, Germany.

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<tr>
<th>Existing Products</th>
<th>New Products</th>
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<tr>
<td>Existing Markets</td>
<td>Market Penetration</td>
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<tr>
<td>New Market</td>
<td><strong>Market Development</strong></td>
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Figure 18: Ansoff Matrix (Self-provided).

XXL is positioned under Market Development, seeking growth by selling its existing products in new geographical markets (Ansoff Matrix, 2013).
SWOT
6. **SWOT**

Having conducted both internal and external analysis, the authors will now evaluate our findings in an SWOT analysis, which is a conceptual framework for selecting markets. This will help evaluate the German market attractiveness (Opportunities and Threats) and if XXL possesses unique capabilities, (Strength and Weaknesses) which will create a differentiation advantage (Investopedia, 2016).

![SWOT Analysis Diagram](Image)

**Figure 19: SWOT-analysis (Self-provided).**

**Internal**

**Strengths:** Identifying company resource strengths and competitive capabilities.

**Weaknesses:** Identifying company resources and competitive deficiencies.

**External**

**Opportunities:** Identify the company’s external market opportunities.

**Threats:** Identify external threats to the company’s future well being (Investopedia, 2016).
Strategy & Strategy Implementation
7. **Strategy & Strategy Implementation**

7.1 **Solberg’s nine strategic windows**

The framework of the nine strategic windows is designed to indicate what strategy the company should pursue, based on the globality of the industry and its internationalisation capabilities (Solberg 2009:148).

![Diagram of Solberg's nine strategic windows](image)

Located in the centre is “consider expansion in international markets”, which is characterised as potentially global and adolescent. XXL has been operating internationally since 2010, currently holding a relatively strong foothold in two markets outside of Norway; Sweden and Finland. Although having international experience, it is important to note that the markets that XXL operate in at the time of writing, is in close proximity both geographically and culturally. Lacking experience in cross-cultural operations, the authors regard XXL’s internationalisation capability as medium.

The industry for sporting goods retailing, in which XXL operate, is considered as potentially global, defining the position with a basis in observed tendencies of local and regional operations. Despite this labelling, the authors consider the market for sporting goods and apparel as global. This is due to the extensive outreach of a single brand. It is
easier for a product to reach global presence due to the nature of second hand retailing, in the sense that many stores sell identical products on a global scale.

Having defined the recommended strategy for XXL, consider expansion in international markets, the authors will provide an outline for how it can be achieved.

7.2 Strategic problem definition

How can XXL, a low-cost retailer of branded sporting goods, penetrate the German market while in the process build brand equity?

Operative objectives 2-5 years (Germany 2018-2021)
• Introduce and continuously expand physical presence
• Extensive development of brand awareness
• Fully functioning online presence and integrated e-commerce
• Develop and implement customer retention strategies
• Achieve positive annual turnover

Strategic objectives 5-10 years (Germany 2021-2026)
• Increase regional coverage in south Germany
• Establish a designated central warehouse in south Germany
• Achieve top-of-mind perception among German consumers
• Develop Germany into a primary market

7.3 Critical success factors

Businessdictionary defines critical success factors as “Limited number of characteristics, conditions, or variables that have a direct and serious impact on the effectiveness, efficiency, and viability of an organization, program, or project” (Business Dictionary, 2016). Making use of this definition, the authors recognise e-commerce, marketing and store location, as factors critical to a successful market entry.

E-commerce
As indicated in the PESTEL-analysis, e-commerce is rapidly playing a larger part of retailing, having developed into a critical ingredient in business strategies.

As stated on the homepage, XXL want to develop new initiatives to further develop the
online platform (XXL ASA, 2016). This implies that XXL has the intention of developing customised websites for new markets, as done in the Nordic region. According to the survey, respondents felt that the website was “messy” (Appendix 5:7), indicating the need for updating their web design. Worth mentioning is that after the survey was conducted, XXL has in fact updated the design of their homepage, leaving the respective survey question redundant. The authors therefore address the need to conduct further analyses in consumer preferences regarding e-commerce.

Marketing

*Businessdictionary* defines marketing as: “The management process through which goods and services move from concept to the customer” (Business Dictionary, 2016). Survey data states there is little to no knowledge of XXL in the German market, with only 8% of the respondents having heard of the brand (Appendix 5:6). In order for XXL to increase brand awareness, marketing efforts have to be initiated. These efforts have to specify that XXL is a low-cost provider distributing a large number of brands (XXL ASA, 2016), as 95% of the survey respondents considered price to be an important criterion when purchasing sporting goods (Appendix 5:2). The research also discovered that German consumers preferred buying in large stores with a wide product offering instead of smaller niche stores (Appendix 5:11). Therefore it would be beneficial for XXL to promote their “big-box” concept.

Store location

For XXL to grasp the consumers and create brand awareness, it is perceived by the authors that strategically locating the stores are vital to a successful market penetration. It has been concluded that the following criteria are to be addressed when deciding upon location: seasonal diversity, purchasing power, population size and accessibility. Following these criteria, the authors will address the importance of XXL’s store locations more in-depth under the *Marketing mix*. 
7.4 **Entry strategy**

A vital step for a successful market entry into Germany is the decision of which entry strategy XXL should employ. According to Solberg, there is a set of main factors that has to be taken into account when deciding upon an entry strategy; these are the internal resources of the firm, the goal it has for the market, and the external market relations (Solberg 2009:239).

*Strategic alliance*

When it comes to strategic alliances, a joint venture would have to be considered as an option for XXL. The Oxford dictionary defines a joint venture as “A commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities” (Oxford Dictionaries, 2016). This presents the opportunity of having a partner that can not only introduce XXL to the German market, but also assist in the process of developing market exposure and brand recognition among the German consumers. This is comparable to what Engelhorn and Intersport has done in Mannheim, whereas Engelhorn a local brand collaborating with Intersport.

Having a joint venture would also increase the potential of benefitting XXL, in the sense of a risk reduction if the initial market entry were to be unsuccessful. This being said, XXL would also have to split the profits in the event of success (Solberg, 2009:295). A disadvantage that the authors recognise with this option is that it does not fit with current market strategies or the store concept XXL works with. Therefore it is not recommended in XXL’s case.

*Franchising*

Franchising is a widely used option, whereas it would give XXL the opportunity to aggressively enter and expand throughout the German market. It gives the franchisers rights and responsibilities through customised contracts for marketing, brand development and products within the German market. In this scenario, a German firm would purchase the right to operate in Germany under the XXL brand as well as having to contribute a contract-based percentage of operational profits. The franchisee would also hold most of the initial economical risk, as they are financially liable. The international franchise-concept is growing in popularity, being used by companies such as Coca-Cola, Esso and Burger King (Solberg 2009:286).
Although the strategy has proven to be promising for many, there exists a risk of misrepresentation; if the franchise taker were to be unsuccessful in the German market, it would have the potential of negatively affecting XXL as a brand and damaging for future prospects in the market. It is also worth mentioning that there has been many legal disputes between franchisers and franchisees, many of which has been due to inconsistencies in rules and regulations across nations (Solberg 2009:287).

**Export without representation**

by choosing to export without representation, XXL’s only presence in the German market would be through e-commerce. This entails not having any physical stores nor salespeople in Germany, with all transactions going through the German XXL website. Not having a physical market presence, XXL would be able to limit financial risks as well as having the opportunity of getting to know the German consumer by analysing e-commerce purchase behaviour. Although, not having a physical presence would limit XXL’s ability to make an impact on the German market. The authors also note that employing this strategy would work against the proven-to-be successful big box concept.

**Wholly Owned Subsidiary**

A wholly owned subsidiary is considered to offer the best contact with the market and control of marketing efforts, as well as giving XXL full control over operational costs and storage administration (Solberg 2009:259). The authors considers establishing contact with the German consumers as an important factor for XXL to succeed, as it will ease the development of brand awareness, as well as forming post-entry market strategies on the basis of contact experience. This strategy will also allow XXL to ensure that the high quality customer service and in-depth product knowledge is maintained and further developed for the German market.

Entering the German market with a wholly owned subsidiary is, by the authors, considered as vital for XXL to implement the “big box” concept; a business model that has proven to be successful in established markets. This strategy also entails XXL to be present in the German market with an e-commerce solution, accomplishable by expanding the current online presence to include a German version.
7.5 Segmentation

Market segmentation is defined by Businessdictionary as “[…] subdividing a large homogenous market into clearly identifiable segments having similar needs, wants or demand characteristics” (Segmentation(a), 2016).

By making use of segmentation analysis, one is allowed to efficiently target a homogenous group of consumers, identified as having similarities on the basis of geographic, demographic, psychographic and behavioural characteristics. (Segmentation(b), 2010)

Geographic

Geographic variables, such as regions, countries, neighbourhoods, population size and density, can be used as basic criteria for segmentation (Segmentation(c), 2010). In the case of XXL, which has expressed their interest in accessing the south German market, this would be the region in question. Having narrowed into southern Germany, it is necessary to evaluate the other geographic criteria, in order to pinpoint a strategic location that is sufficient for the XXL style of retailing. Whereas many retailers are small but many, XXL operates with big but few; making it critical to discover the optimal place for retailing. There are many large and relatively densely populated areas in southern Germany, such as Frankfurt, Stuttgart and Munich, among others. These all possess the potential of sufficing the XXL style of retailing. This will be further analysed in the Marketing Mix.

Demographic

Demographic variables define consumers based on objective values, and are of great importance when analysing market segments. There are many variables that can be used to characterise a segment, whereas, age, gender, lifecycle (indication of where the person is in their life, married, graduate, retired), occupation and income are considered by the authors as important keys (Segmentation(c), 2010).

When examining the market on the basis of demographic characteristics, it is with the aim of identifying a relatively homogenous group of consumers that are self-sustaining, which for consumer goods, such as sporting articles, means a set of consumers that has the means that allows them to be potential customers. XXL, that deals in sporting goods, aims to attract consumers with a steady income, which derives to active young
and middle-aged adults with disposable income. XXL offers a wide set of products, which is comprised of various functional designs; whereas some are specified as being designated for women, men or youth. This leads to XXL wanting to attract both men and women in various ages, as well as adults with children.

**Psychographic**

Psychographic segmentation is to divide the market based on consumer lifestyle, and makes use of variables such as the consumer’s activities, interests, opinions, attitudes and values (Segmentation(c), 2010).

XXL, who retails sporting goods, aims to attract consumers with active lifestyles, positive attitudes and interests for sports.

**Behavioural**

Behavioural segmentation refers to consumer behaviour, and a homogenous set of consumers defined on the benefits they seek, usage rate, brand loyalty and their readiness to buy, among others (Segmentation(c), 2010).

Being a retailer in the market of branded sporting goods, XXL seeks the attention of consumers with active lifestyles, in need of sporting goods that benefits their activities and mid-high usage rates. Brand loyalty is an important factor, especially in Germany where there exists a relatively saturated market, in the sense that there is an abundance of second hand retailers offering branded sporting goods. Due to this, XXL seeks consumers that are willing to change retailers in the chase of better opportunities, whereas XXL can establish loyal consumers by offering branded goods at relatively low prices, as well as top-line in-store service through high quality training of their employees and extensive product knowledge.

**Summarised description of segment**

To summarise, the segment that XXL seeks consists of young to middle-aged adults with disposable income and an active lifestyle. This segment includes males and females, as well as families with children.

When a segment has been identified on the basis of a similar set of characteristics, there are a series of evaluating criteria that has to be taken into account. In order to minimize operational risks, it is necessary to ensure the segment’s viability, and achievable by examining a set of key factors. The segment has to be accessible through
communication and distribution, and it has to be of sufficiently size to justify the allocation of resources (Segmentation(c), 2010). The authors will address the most important perceived factors: accessibility and sufficient size.

**Accessibility**

The accessibility of a segment is determined on the basis of communication and distribution (Segmentation(c), 2010). According to *German Digitalization Consumer Report 2014*, there is a strong increase in usage of digital and online information technologies among German consumers. This trend mainly consists of consumers aged 16-35, which fits with the segment that the authors has defined. The report states that 37% of all communication in Germany is digital, with cell phones, social media and television being the platform of choice. Among these consumers, 78% of all Facebook account holders log in at least once per day, and 39% of all internet users has a *Youtube* account (Roland Berger Strategy Consultants, 2014).

Regarding distribution, Germany can be characterized as having a strongly embedded infrastructure built around large and densely populated cities, easily reachable by mailed goods as well strategically located retailers, making the segmented consumer easily accessible through distribution (Santander, 2016).

Based on these facts, the authors consider the defined segment as being highly accessible, both in regard to communication as well as distribution.

**Sufficient size**

According to previous findings, there are 25 million active participants in sports activities in Germany. In addition, the market is expected to grow with up to 2% each year (Sporting Goods (b), 2014). The targeted segment consists of young to middle-aged adults with a disposable income within the 25 million. Considering the size of the market, and the fact that it is expected to grow, it is likely that the segment is large enough.
7.5 Marketing Mix

When a company aims to develop a market strategy, it is important to address the 4 Ps; Product, Price, Place and Promotion. These 4 Ps are usually brought together in the term marketing mix (Investopedia, 2016), and are all important parts with different roles in order to achieve the same goal for the company.

7.5.1 Product

Product as one of the four P’s within the marketing mix can be divided into four layers, these being the core, physical, extended and symbolic product (Kotler and Keller, 2009:355).

![Figure 20: The four product layers (Self-provided).](image)

**Core product**

The ultimate beneficial service the product provides that covers the primary needs of the customer, is defined as the core product (Kotler and Keller, 2009:359). In example, when purchasing a soft drink, the core product is the extinction of thirst. As for XXL as a retailer the core product is the sporting goods they sell in their stores and online. For XXL it is important to keep offering the same wide range of products and brands as they to in the Nordic region.
Physical product
The physical product concerns the physical attributes of the product; colours, weight, shape, packaging, utilities, etc. (Kotler and Keller, 2009:359). For the people who buy water because they are thirsty, the bottle itself would be the physical-product. Also when travelling, the flight would be considered as the physical product. For XXL the physical product is the actual store, or the “big-box” concept, which XXL has implemented in all of its markets. As findings in the survey indicates, the German consumers prefer big stores with a wide product offering compared to smaller stores (Appendix, 5:11), which suits the profile of XXL. They can take advantage of the German market considering the size of the stores they operate with.

Extended product
Extended product is considered as the additional benefits you receive. When you are travelling with a plane; the food, service and possible movie-selection is the extended product, or the warranty when you buy a television. For XXL, the service and expertise its employees provide is considered as the extended product. When entering the German market, it is important for XXL to build upon its great customer service from the reference market, as suggested from the conducted interviews where participants indicated that the perfect sporting goods store had skilful employees (Appendix 1).

Symbolic product
The symbolic product is considered to be the emotional and psychological attitudes the consumers have toward the product; consumers generally consider Rolls Royce cars to be of high quality or Ryanair to be cheap. The symbolic product refers to the association consumers will have when thinking of XXL. Preferably like in Norway, they will be perceived as a low-cost provider of quality sporting goods. The symbolic product is something XXL has to take into account when entering the German market.

7.5.2 Price
Price is the element of the marketing mix that produces revenue; whereas the other elements produce costs (Kotler and Keller, 2011:383). XXL competes in a market consisting of mainly homogenous products; a contributing factor to regard the market as price sensitive. This statement is supported by findings in the conducted quantitative research where 95% agreed with price being important (Appendix 5:2). As pricing decisions need to be consistent with the firms marketing strategy, target markets and brand positioning, it is important to decide where the
company wants to position itself before entering the market (Kotler and Keller, 2011:389). The authors therefore acknowledge the importance of XXL’s pricing strategy to be positioned as a low-cost provider of well-known brands, as in Norway, Sweden and Finland.

Consumers often employ reference prices, comparing an observed price to an internal reference (Kotler and Keller, 2011:389). Establishing a market position and price their products in relation to the consumers’ internal references is important, as it can create a positive attitude towards XXL, presuming the product quality is of equal standard. This will contribute to XXL’s market share and economy of scale, leading to higher long-run profits.

As Germany initially is seen as a secondary market, it should be expected to serve in a way to achieve reasonable contributions; whereas, the main focus is, to gain growth and potentially evolve Germany into a primary market in the future (Solberg 2015:367). In conclusion, XXL should be positioned as low-cost providers of well-known brands to gain a satisfactory market share.

7.5.3 Place

One important marketing decision is where and how the products are distributed and sold to the customers.

As previously mentioned, XXL aims to operate with few and large warehouses at central interchanges supported by population, easily accessible by car and transport both for the customers’ convenience as well as for the transport of goods (XXL Annual report, 2016:7). These factors are important for XXL when pursuing efficient operations and economy of scale. In consequence, finding strategic locations for their large stores will be of great importance.

As supported by previous findings, geographical and demographical factors position south Germany as the most attractive region for establishment. Being located close to the Alps also meets the demand for products through all four seasons, which XXL offers, due to the region’s versatile weather conditions. This separates the region from the rest of Germany where demand for winter products is limited because of short winters, a season that is vital for XXL’s quarterly results to stay consistent.
According to Gerald Braun, a professor of regional development and entrepreneurship at the University of Rostock in Mecklenburg-Western Pomerania, “There's not one location in Germany, but two,” (DW, 2014), referring to the economical differences in West and East Germany. As previously stated, XXL wishes to enter the southern part of Germany, a region that is often referred to as Germany’s economic “powerhouse”. The federal state of Bavaria in south Germany stands out, home to several thousand small and medium-sized private companies; known as the Mittelstand (The Guardian 2012). When analysing purchasing power in Germany, Bavaria stands out and shows a strong consumer purchasing power as illustrated below (red colour).

Figure 21: Purchasing power index Germany (GFK GeoMarketing GmbH, 2016).

Another important factor is population. As mentioned earlier, XXL’s placement strategy will focus on central locations, whereas Bavaria is the second most populated German state as well as having the third most populated city, Munich, with 1.3 million inhabitants (world population review, 2016).
As mentioned in the PESTEL-analysis, online purchasing behaviour is growing. This illustrates the importance for XXL to position itself in regard of e-commerce, as the social changes in the market will lead to increasing online sales in the future. Establishing efficient operations running with low costs combined with easy and accessible solutions for the consumers will be important.

7.5.4 Promotion

When designing a promotional mix for XXL to be used in Germany, it has to be with the aim of accomplishing two main objectives. First is to make the consumers aware of XXL’s existence. Second, to persuade the consumers to choose XXL over competing retailers (Promotion(a), 2014).

These objectives will also be posed as possible challenges for XXL. Despite the growth in the sports market, second hand retailing is close to saturated, in the sense that there is a large amount of retailers, each of whom offering similar or identical products. With this in mind, a question arises, which has to be taken into account when designing the marketing mix; how can XXL best attain the attention of German consumers, as well as convincing them to choose XXL over other competitors, when they all offer relatively similar products?

The promotional mix is usually comprised of several branches, each of them designed to reach the consumer, and with the use of several platforms of communication. Commonly included in the promotional mix is advertising, PR & sponsorship, personal selling, direct marketing and sales promotions (Promotion(a), 2014).

![Promotional Mix Diagram](image)

Figure 22: Promotional mix (Promotion(a), 2014).
At the introductory stage of XXL’s entry to Germany, there will have to be a focus on raising awareness of its existence among the consumers. This is achievable by launching a comprehensive promotional campaign, across multiple platforms. In order to gain the attention of consumers, one can employ pull strategies, designed to draw the consumers towards XXL (Promotion(b), 2016). Outside the store, XXL can make use of cross-platform advertisements, and provide contact information (location, website), offered products (branded sporting goods) and XXL exclusive benefits (low price, Norwegian products, quality customer service) to a large quantity of the chosen segment base, reachable through an array of platforms; such as television, newspapers, magazines, internet ads and social media. It is also possible to meet with the segmented consumers outside of the store, by sponsoring sports-events such as marathons or football games. In-store promotional actions can include special offers and aggressive sales promotions, with the purpose of persuading the German consumer to experience the XXL concept, allowing them to be exposed to the large store, wide range of quality goods at low prices and the expert customer service.

When XXL has established their initial presence in the German market, there should be a change in promotional strategies. In order to stimulate further growth, the promotional content will move from being informative to focusing on emotional aspects in order to increase brand awareness and strengthen customer loyalty (Promotion(a), 2014).

In the established markets Norway, Sweden and Finland, XXL has already started to forge emotional bonds with the consumers, by launching a series of television advertisements portraying the diversity that XXL offers. These advertisements are international in style, and can easily be re-launched as they are, or adapted for the German market. The advertisements can currently be found at XXL’s own Youtube channel; XXL All Sports United, and can easily be distributed among German consumers with the use of social media (Advertisements, 2016).

In addition to the change from being informative, it is recommended to include push strategies. By collecting user data, for instance through their e-commerce platform (purchase history, contact information), XXL can make use of direct marketing and send the registered consumer news and special offers directly to their cell phone or email address (Promotion(b), 2016).
Final Recommendations
8. Final recommendations

The authors recommend a strategic entry into the Munich area, a location that has shown great opportunities on the basis of geo- and demographic analysis.

Secondly, XXL should implement aggressive marketing efforts, promoting their position as a low-cost provider of quality branded sporting goods.

Thirdly, XXL should establish an online platform customised to the German market, taking advantage of the growing opportunity of e-commerce retailing.

The last and final recommendation is that XXL should establish regional presence through a sales office, in order to gain in-depth knowledge about the market as well as achieving better control over their operations.

By making use of, and implementing these final recommendations, the authors confidently predict a successful market entry.
Bibliography & Appendix
Bibliography & Appendix


Electronic sources


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Youtube (2016), “XXL All Sports United”, (accessed June 1, 2016), (available at https://www.youtube.com/channel/UCzBFZ8dmILXtVmZIYLecNnQ ) = Advertisements, 2016


Appendix 1 – Interviews

(1) subject no.1, German, male, 23.

I = interviewer, S = subject

Activity
I: Do you participate in any sport?
S: Yes, depending on the seasons, I participate in football, running, biking and skiing.
I: Great, how often would you say you participate in the activities?
S: I guess I have an average of 2-3 times a week.
I: Do you have any specific goals with your activities?
S: basically, stay in shape, reduce stress and just to have fun.

Purchase
I: How often would you say you purchase sporting goods?
S: Two or three times a year
I: How much do you spend a year on sporting goods?
S: approximately 150 euros a year

Information search
I: Do you do any research before making a purchase of sporting goods?
S: No, not that much. Sometimes I compare prices.
I: What is most important to you when deciding what to buy?
S: For me it is functionality, price, brand and quality
I: Concerning quality, in your opinion, which abilities does high-quality sports articles possess?
S: Usually better fabric
I: Is there any particular stores you consider as “high-quality”?
S: Intersport is the first store that comes to my mind
I: What about brands, is there any associate with high quality?
S: I consider Adidas, Asics, Nike, Puma, Helly Hansen, New Balance and North Face as high quality brands
I: Do you consider yourself as price-sensitive?
S: Yes, but it is relative. More than 10% would change my mind
I: Is there any stores you consider as expensive?
S: Intersport, Karstadt and Mömax
I: What about brands is there any particular brands you consider as expensive?
S: Adidas, Nike, it’s relative, brands in general really.
I: Do you have any brands you prefer?
S: No, not really
I: Do you have any preferred stores?
S: Intersport, Karstadt and Sport Arena
I: Do you do any online shopping?
S: Yes, I do
I: Which websites do you use then?
S: Mostly Amazon and Zalando
I: What services are important in the store when you are shopping?
S: Friendliness, availability, know-how and the equipment itself
I: Do you have any particular associations with Scandinavia?
S: Friendly people and expertise
I: What about Scandinavian products/firms, any associations?
S: I mainly associate them with great quality and good technology
I: What about Norway, any associations with Norway?
S: Friendly people, a great social system and all in all a great nation
I: Do you have any particular associations with Norwegian firms/products?
S: Good design, minimalistic and great quality
I: Ok, great thanks! One final questions, how would you describe the perfect sporting goods store?
S: It would be a store with low prices, good quality products, great service, availability, a cool image and a good reputation.
I: Ok, thanks for taking the time to participate!
End of interview.

(2) Interview subject no.2, German, male, 21.
I = Interviewer, S = Subject

Activity
I: Do you participate in any sports?
S: Yes, I frequently play football, tennis, rugby and I go to the gym.
I: How often do you participate in these sports?
S: Twice a week during the “season” of football and rugby, tennis is more sporadic, maybe every 2nd week or so. I go to the gym 5 times a week.

I: Do you have any specific goals regarding sports?

S: I am a very competitive person so I enjoy that aspects as well as the feeling I get when performing well. Social factors and having fun are also very important and are the main reasons I play tennis, football and rugby. Going to the gym is just for fitness.

I: Do you prefer outdoor or indoor activities?

S: Outdoor, definitely.

Purchase

I: How often do you buy sporting equipment?

S: Maybe an article every two weeks on average (approx. 2 a month).

I: How much do you spend?

S: Around 40 - 60€ per article.

Information search

I: Do you do any form of research before purchasing?

S: I like to look at sports equipment in stores and online in my spare time, so I have a general idea of what I want, where to get it and the price. But I am spontaneous when I shop. Usually I don’t look for anything special, I just walk into the store to see if there is anything I want or I or need.

I: What is important when you decide to buy?

S: I look for quality when I purchase, therefore I look for brands because I believe they represent quality (Nike, Adidas, etc). I also prefer to get as much value as possible when I purchase so I look for at prices.

I: What is a quality product?

S: A product which has a long life time and consist of good fabrics.
I: Would you describe yourself as prise sensitive?

S: To some extent, I equally focus on price and quality, I am very brand focused which I believe reflect quality. The brands image is also important, and I especially like Nike and Adidas so I am therefore prepared to spend.

I: What stores do you recognise as expensive in Germany?

S: Englehorn is very expensive, but it is still my preferred store because of the broad selection and they have all of the brands I am looking for when shopping. I also think of Intersport and Karstadt to be expensive.

I: What service features are important to you in a store?

S: Friendliness, and product offering, I hate when they are out of products. Other than that do I like to be left to it. When I’m shopping, I want to figure it out myself”. I prefer when the sales people are visible, but not clingy. I also don’t like many people in the store, so I usually goe shopping when I know there’s fewer people there, and a more relaxed atmosphere. Size of the store doesn’t really matter, since there are usually a lot of stores providing sports equipment.

Online

I: Do you shop online?

S: Some, I like to compare prices in the stores and online. I find online shopping a little problematic, especially finding sizes. For example, I never buy shoes online because with past experience they never match. I also find it problematic finding the products “fit” online (slim fit etc.). I like to use online to look for products, what is new? It’s a great tool to get inspired.

Associations

I: Do you have any particular associations with Scandinavia?

S: Proper people, and friendliness.

I: What about Norwegian product?

S: What first comes to my mind is winter products, quite good quality, price levels not too high and “quality products.”

I: What about associations to Norway?

S: Rich, technology and active.
I: Last question, how would you describe the perfect sporting goods store?

S: A fairly big store, not too busy, low prices and well-known brands.

I: Thank you for taking the time to participate.

End of interview

(3) Interview subject no.3, German, female, 22

I = Interviewer S = Subject

Activity
I: Do you participate in any activities?
S: Yes, I go running and ride my bike. Also, I ski during the winter.
I: How often do you participate in these activities?
S: I run three (3) times per week, and ride my bike as a method of transportation; so daily.
I: Do you have any goals for staying active? What keeps you motivated?
S: I work out regularly in order to stay in shape, but also I’m preparing for a marathon.

Purchase
I: How often do you buy sportswear and sporting equipment?
S: Every six months.
I: And how much do you spend?
S: Somewhere between a hundred (100) and two hundred (200) euros.
I: Do you do any form of research before making new purchases?
S: Yes, I compare prices online, and also I ask friends and family for their opinion.
I: What is most important to you when deciding what to buy?
S: There are several factors that come into play, but mostly it comes down to quality, price and comfort.
I: Does a products brand matter do you? Does it affect whether or not you buy a product?
S: No, not really. As long as it is comfortable, good quality and at an affordable price, I see past the brand. But when buying certain products such as running shoes or skiing boots I usually choose brands that I’m familiar with.
I: You mentioned quality; in your opinion, which abilities does high-quality sports articles possess?
S: In my opinion, high-quality sports articles supports a high level of activity and has a long life cycle.
I: Are there any stores in particular that you associate with high quality?
S: Well, Engelhorn and Intersport comes to mind.
I: Are there any brands you associate with high quality?
S: Yes, a brand named Polar.
I: Interesting. Now, let's circle back a bit. You said that you spend between a hundred and two hundred euros every six months; how much do you spend on individual articles?
S: That depends on what I buy. On t-shirts I usually pay twenty or thirty euros. On shoes I spend a hundred euros or more.
I: Do you consider yourself to be price sensitive?
S: In general, yes, but not when shopping for quality.
I: Are there any sportswear stores that you consider expensive?
S: Personally, I find Engelhorn to be quite expensive.
I: Are there any brands you consider expensive?
S: I can’t think of any right now.
I: are there any stores or brands that you recognize as having a good value to price ratio?
S: Engelhorn has quite high quality as well as high prices. But I believe that can be said for all expensive stores or brands, since you usually have to pay more for high quality.
I: Do you have any preferred brands?
S: I really like Adidas and Odlo, and also Scandinavian and Canadian products in general.
I: Do you have any preferred stores?
S: I usually buy my sportswear at Decathlon or Engelhorn.
I: Do you ever shop online?
S: Yes, but not sporting articles.
I: Do you currently have, or have had, a form of loyalty towards a brand or store?
S: No, not that I can think of.
I: What services do you consider important when you go shopping?
S: I like being met by a professional and experienced sales force, with in depth knowledge of the products they offer.

Scandinavia
I: What associations do you have with Scandinavia?
S: Beautiful, snow covered landscapes and high living standards.
I: And what associations do you have with Scandinavian products?
S: From my experience, Scandinavian products are high quality, exclusive and usually expensive.
I: What associations do you have with Norway in particular?
S: Much of the same associations I have with Scandinavia in general; beautiful nature, high equality, high living standard and a healthy natural pride.
I: And do you have any associations with Norwegian products?
S: Yes, based on the Norwegian products I own, I’ve experienced them to be of high quality, but also a bit pricier than the products I find here in Germany.
I: Those were all the question I have for you. But before you leave, I would like to end this interview with an open question; can you describe the perfect sporting goods store?
S: Hmm… I can try. I envision a big building located in the central of the city, with a big selection and an open interior design. I also see the store being managed by a professional and well trained staff that can assist in any way necessary.
I: Thank you, I really appreciate that you took the time to participate in this interview.
S: No problem, good luck with your bachelor thesis.
I: Thank you very much.

End of interview.
Appendix 4 - Survey
Herzlich Willkommen!

Wir - das sind Roger Larsen, Henrik Ljostad, Kenneth Hogstad und Kristian Karlsen - haben diese Umfrage im Rahmen unserer Bachelorarbeit an der BI Oslo und der Universität Mannheim erstellt.

Wir untersuchen, welche Faktoren das Kaufverhalten von Sportartikeln beeinflussen und wie sich Kundenverhalten in diesem Zusammenhang erklären lässt.

Dazu benötigen wir Ihre Hilfe, indem Sie diesen ca. 15-20 minütigen Fragebogen ausfüllen.

Alle Ihre Daten werden vollkommen anonym erfasst und ausgewertet.

Unter allen Teilnehmern verlosen wir am Ende der Umfrage 4 Amazon-Gutscheine à 10 €.

Wir danken Ihnen für Ihre Unterstützung!

1. Frage 1
Geben Sie hier bitte Ihr Alter ein.

[Bitte auswählen]

2. Frage 2
Geben Sie hier bitte Ihr Geschlecht ein.
3. Frage 3
Bitte geben Sie hier Ihre Nationalität ein. (Freitext)

4. Frage 4
Bitte geben Sie Ihren beruflichen Hintergrund an.
Student/Studentin
Studienfach eintragen
Angestellter
Berufsfeld eintragen
Beamter
Berufsfeld eintragen
zur Zeit arbeitslos

A002 GESCHLECHT
1 = Männlich
2 = Weiblich
-9 = Not answered

A003_01 [01]
Freitext

A004 BERUF
1 = Student/Studentin
2 = Angestellter
3 = Beamter
4 = Zur Zeit arbeitslos
-9 = Not answered
A004_01 Student/Studentin
A004_02 Angestellter
5. Frage 5
Wie hoch ist Ihr jährliches Netto-Einkommen?
[Bitte auswählen]

6. Frage 6
Wie sportlich schätzen Sie sich selbst persönlich ein? Bewerten Sie von 1 bis 7.

A101 ACTIVITAET1
1 = Eher unsportlich [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = Sehr sportlich [7]
-9 = Not answered
7. Frage 7
An wieviele Tagen der Woche trainieren Sie?

A102 ACTIVITAE2
1 = [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = [7]
-9 = Not answered

8. Frage 8
Wie lange ist Ihre durchschnittliche Trainingseinheit?
Minuten [Bitte auswählen]

A103 ACTIVITAE3
1 = 0-20
2 = 20-60
3 = 60-90
4 = 90-120
5 = 120+
-9 = Not answered

9. Frage 9
Woraus spiegelt sich Ihre primäre Trainingsmotivation? Ich möchte...

... mich fit halten.
... Wettbewerbe gewinnen.
... Gemeinschaft erleben.
... den Kopf frei bekommen.
... Spaß.
10. Frage 10
Was gefällt Ihnen am besser, Sport im Freien oder Hallensport?

Hallensport
Sport im Freien
Ich kann mich nicht entscheiden.

11. Frage 11
Gefällt es Ihnen, Sport zu machen?
12. Frage 12
Bitte geben Sie an, wie oft Sie die nachfolgenden Sportarten betreiben.

Jogging
Klettern
Aerobic
Walking
Abfahrtslauf
Skilanglauf
Jagd
Radsfahren
Tennis
Football (American)
Fußball (European)
Yoga
Schwimmen
Eishockey
Fitnessstudio
Andere Hallen-Aktivität
Andere Outdoor-Aktivitäten
### 13. Frage 13

Wo kaufen Sie Ihre Sportartikel am häufigsten? (Kleidung, Geräte, anderes Equipment..)

- Decathlon
- Intersport
- Karstadt Sports
- Sportarena
- Sportscheck
- Galeria Kaufhof
- Online
- Anderes stationäres Geschäft
14. Frage 14
Würden sie sich selbst als loyal zu einem bestimmten Geschäft beschreiben?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ueberhaupt nicht loyal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. Frage 15
Bevorzugen Sie eher Nischengeschäfte oder Geschäfte mit einer breiteren Auswahl zur Erledigung Ihrer typischen Sport-Einkäufe?

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nischengeschäfte</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
16. Frage 16
Bevorzugen Sie eher eine ruhige Atmosphäre oder geschäftige Betriebsamkeit beim Einkaufen?

A203 PRODUKT AUSWAHL
1 = Niedriggeschäfte [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = Geschäfte mit breiter Auswahl [7]
-9 = Not answered

1 2 3 4 5 6 7
Eher ruhig Eher betriebsam

17. Frage 17
Bevorzugen Sie Einzelgeschäfte oder Einkaufszentren?

A204 LAUT/RUHIG
1 = Eher ruhig [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = Eher betriebsam [7]
-9 = Not answered

1 2 3 4 5 6 7
Eher Einzelgeschäfte Eher Einkaufszentren

A205 EINZELGESCHÄFTE/EINKAUFSZENTRUM
1 = Eher Einzelgeschäfte [1]
2 = [2]
3 = [3]
18. Frage 18
Wie gelangen Sie zu Ihrem Einkaufsort?
- Straßenbahn
- Zug
- U-Bahn
- Auto
- Zu Fuss
- Fahrrad
- Bus
- Anderes Verkehrsmittel

A206 VERKEHRSMITTEL
1 = Straßenbahn
2 = Zug
3 = U-Bahn
4 = Auto
5 = Zu Fuss
6 = Fahrrad
7 = Bus
8 = Anderes Verkehrsmittel
-9 = Not answered

A206.08 Anderes Verkehrsmittel
- Free text

19. Frage 19
Kaufen Sie Ihre Sportprodukte hauptsächlich Online oder Offline?
20. Frage 20
Geben Sie bitte an, inwiefern Sie mit den folgenden Aussagen zustimmen.

Ich kaufe lieber Offline, weil...

...ich habe schlechte Erfahrungen gehabt.
...ich anprobieren möchte.
...ich Online-Shopping generell nicht traut.
...weil ich das Produkt anfassen möchte.
...weil ich die Beratung im Laden möchte.

A301 Online oder Offline
1 = eher Online im Internet [1]
2 = [2]
3 = [3]
4 = [4]
5 = [5]
6 = [6]
7 = eher Offline im Laden [7]
-9 = Not answered

21. Frage 21
Inwiefern stimmen Sie den folgenden Aussagen zu?
Ich bevorzuge Online-Shopping, weil...

... es ist praktisch.
... Ich ungern in Läden gehe.
... ich dort günstigere Preise finde.
... ich die Ware problemlos zurückgeben kann.

A303_01 ... es ist praktisch.
A303_02 ... ich ungern in Läden gehe.
A303_04 ... ich dort günstigere Preise finde.
A303_05 ... ich die Ware problemlos zurückgeben kann.

1 = Trifft eher nicht zu
2 =
3 =
4 =
5 =
6 =
7 = Trifft in hohem Maße zu
-9 = Not answered

---

22. Frage 22
Wie oft kaufen Sie Sportartikel?
Wöchentlich
Monatlich
Vierteljährlich
Jährlich
Sehr selten

A401 KAUF REGELMASSIGKEIT
1 = Wöchentlich
2 = Monatlich
5 = Vierteljährlich
3 = Jährlich
4 = Sehr selten
-9 = Not answered
23. Frage 23
Wie viel geben Sie für Sportartikel jährlich aus?

€ 0-49
€ 50-99
€ 100-199
€ 200-299
€ 300-499
€ 500-749
€ 750-999
€ 1000+

A402 AUSGABEN
1 = € 0-49
2 = € 50-99
3 = € 100-199
4 = € 200-299
5 = € 300-499
6 = € 500-749
7 = € 750-999
8 = € 1000+
-9 = Not answered

24. Frage 24
Bitte geben Sie die Wichtigkeit der folgenden Aspekten beim Einkauf an.

<table>
<thead>
<tr>
<th>In hohem Maße</th>
<th>Eher unwichtig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preis-/Leistungsverhältnis</td>
<td></td>
</tr>
<tr>
<td>Verfügbarkeit</td>
<td></td>
</tr>
<tr>
<td>Komfort</td>
<td></td>
</tr>
<tr>
<td>Funktionalität</td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td></td>
</tr>
<tr>
<td>Qualität der Materialien</td>
<td></td>
</tr>
<tr>
<td>Image der Marke</td>
<td></td>
</tr>
</tbody>
</table>

A403_01 Preis-/Leistungsverhältnis
### Frage 25

Welche Informationsquellen betrachten Sie als wichtig, wenn Sie Sportartikel kaufen?

<table>
<thead>
<tr>
<th>Eher unwichtig</th>
<th>Sehr wichtig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet-Seiten</td>
<td></td>
</tr>
<tr>
<td>Zeitschriften</td>
<td></td>
</tr>
<tr>
<td>Freunde</td>
<td></td>
</tr>
<tr>
<td>Familie</td>
<td></td>
</tr>
<tr>
<td>Werbe-Anzeigen</td>
<td></td>
</tr>
<tr>
<td>Filme/ Fernsehen</td>
<td></td>
</tr>
<tr>
<td>Bekannte Sportler/ berühmte Personen</td>
<td></td>
</tr>
<tr>
<td>Meinung der Verkäufer</td>
<td></td>
</tr>
</tbody>
</table>

A040.01 Internet-Seiten
A040.02 Zeitschriften
A040.03 Freunde
A040.04 Familie
A040.05 Werbe-Anzeigen
A040.06 Filme/ Fernsehen
A040.07 Bekannte Sportler/ berühmte Personen
A040.08 Meinung der Verkäufer

1 = Eher unwichtig
2 =
3 =
4 =
5 =
6 =
7 = sehr wichtig
8 =
9 = Not answered
26. Frage 26
Wie wichtig sind Ihnen die folgenden Aspekte in Bezug auf das Ursprungsland des Geschäfts?

Ursprungsland des Geschäfts im Allgemeinen
Einkauf bei einheimischen Geschäften
Einkauf bei ausländischen Geschäften
Kauf einer einheimischen Marke
Kauf einer ausländischen Marke

A501_01 Ursprungsland des Geschäfts im Allgemeinen
A501_02 Einkauf bei einheimischen Geschäften
A501_03 Einkauf bei ausländischen Geschäften
A501_04 Kauf einer einheimischen Marke
A501_05 Kauf einer ausländischen Marke

1 = Eher unwichtig
2 =
3 =
4 =
5 =
6 =
7 = Sehr wichtig
-9 = Not answered

27. Frage 27
Welche der folgenden Marken kennen Sie?

Nike
Icebug
Asics
Mizuno
New Balance
Helly Hansen
Reebok
Inov8
Merrell
Adidas
Salomon
Craft
Puma
2XU
Drop of Mindfulness
Champion
O’Neill
Casall
Bergans
Encore
The North Face
Haglöfs
Five Seasons
Keine der Marken

A502 BRAND RECOGNITION: Residual option (negative) or number of selected options
Integer
A502_01 Nike
A502_02 Icebug
A502_03 Asics
A502_04 Mizuno
A502_05 New Balance
A502_06 Helly Hansen
A502_07 Reebok
A502_08 Inov8
A502_09 Merrell
A502_10 Adidas
A502_11 Salomon
A502_12 Craft
A502_13 Puma
A502_14 2XU
A502_15 Drop of Mindfulness
A502_16 Champion
A502_17 O’Neill
A502_18 Casall
A502_19 Bergans
A502_20 Encore
28. **Frage 28**

Was assoziieren Sie mit norwegischen Produkten?

<table>
<thead>
<tr>
<th>Schwache Association</th>
<th>Starke Association</th>
</tr>
</thead>
</table>

Gutes Design
Gute Qualität
Umweltfreundlichkeit
Innovativität
hohe Preise

29. **Frage 29**

Wie würden Sie einen typischen Norweger charakterisieren?

<table>
<thead>
<tr>
<th>Gemütlich</th>
<th>Sportlich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introvertiert</td>
<td>Extrovertiert</td>
</tr>
<tr>
<td>Traditionell</td>
<td>Innovativ</td>
</tr>
</tbody>
</table>
30. Frage 30
Wie wichtig ist Ihnen der Umweltschutz?
Eher unwichtig  Eher wichtig

31. Frage 31
Wenn Sie ein Produkt kaufen, inwieweit ist es für Sie wichtig, dass das Unternehmen der Umwelt nicht schadet?
Eher unwichtig  Eher wichtig

32. Frage 31
Wenn Sie ein Produkt kaufen, inwieweit ist es für Sie wichtig, dass das Unternehmen ethischen Grundsätzen folgt?
33. Frage 33
Kennen Sie das Sportgeschäft XXL-Sports aus Norwegen?
Ja
Nein

34. Frage 34
Was halten Sie von diesem Logo?

Altmodisch | Modern
Verwechselbar | Einzigartig
Unordentlich | Strukturiert
Stillos | Stilvoll
Traditionell | Modern
35. Frage 35
Passt das Logo zu einem Sportgeschäft?

Eher unpassend Eher passend

A603_01 Eher unpassend/Eher passend
1 = Eher unpassend
7 = Eher passend
-9 = Not answered
36. Frage 36
Was halten Sie von dieser Webseite?

<table>
<thead>
<tr>
<th>Altmodisch</th>
<th>Modern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verwechselbar</td>
<td>Einzigartig</td>
</tr>
<tr>
<td>Unordentlich</td>
<td>Ordentlich</td>
</tr>
<tr>
<td>Stillos</td>
<td>Stilvoll</td>
</tr>
<tr>
<td>Traditionell</td>
<td>Modern</td>
</tr>
</tbody>
</table>

A604_01 Altmodisch/Modern
1 = Altmodisch
7 = Modern
-9 = Not answered

A604_02 Verwechselbar/Einzigartig
1 = Verwechselbar
7 = Einzigartig
-9 = Not answered

A604_03 Unordentlich/Ordentlich
1 = Unordentlich
7 = Ordentlich
-9 = Not answered

A604_04 Stillos/Stilvoll
1 = Stillos
7 = Stilvoll
-9 = Not answered

A604_05 Traditionell/Modern
1 = Traditionell
37. Frage 37
Inwiefern ist diese Webseite für ein Sportgeschäft Ihrer Meinung nach geeignet?

<table>
<thead>
<tr>
<th>Eher ungeeignet</th>
<th>Eher geeignet</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>A605_01 Eher ungeeignet/Eher geeignet</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 = Eher ungeeignet</td>
</tr>
<tr>
<td>7 = Eher geeignet</td>
</tr>
<tr>
<td>-9 = Not answered</td>
</tr>
</tbody>
</table>

38. Frage 38
Welche Produkte würden Sie bevorzugt in einem norwegischen Geschäft kaufen?

<table>
<thead>
<tr>
<th>Kategorie</th>
<th>Ja</th>
<th>Nein</th>
<th>Vielleicht</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kleidung</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schuhe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Winterkleidung</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jagdausrüstung</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sport- und Ballspiel Ausrüstung</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trainings-Geräte</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radsportausrüstung</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anglerzubehör</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andere Dinge</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| A606_01 Kleidung          |
| A606_02 Schuhe            |
| A606_03 Winterkleidung    |
| A606_04 Jagdausrüstung    |
| A606_05 Sport- und Ballspiel Ausrüstung | |
| A606_06 Trainings-Geräte  |
| A606_08 Radsportausrüstung |
| A606_09 Anglerzubehör     |
| A606_10 Andere Dinge      |

| 1 = Ja                     |
| 2 = Nein                   |
39. Frage 39
Welche Vermutung haben Sie: Warum wurde diese Umfrage durchgeführt?

A607_01 [01]
Free text

Herzlichen Dank für Ihre Teilnahme!

Email angeben

Appendix 5 – Survey visualisation

(5:1) – Online/Offline preferences

Preference between buying online and buying offline

To which extent do you agree to the following statement: "I prefer buying offline because of a bad experience after online purchase"
Agreeing to statement: "I buy offline because I want to try out the merchandise"

To which extent do you agree to the following statement: "I do not trust online shopping"
To which extent do you agree to the following statement: "I do not shop online because I want to be able to touch the product"

Agreeing to a statement: "I buy in a store because I want the advice they have to offer"
Agree to the following statement: "I buy online because it is practical"

To which extent do you agree to the following statement: "I dislike going to stores"
Agree to the following statement: "I find cheaper prices online"

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>8</td>
<td>13</td>
<td>15</td>
<td>26</td>
<td>32</td>
<td>33</td>
</tr>
</tbody>
</table>

Agree to the following statement: "I buy online because I can easily return the merchandise"

<table>
<thead>
<tr>
<th>STRONGLY DISAGREE</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>STRONGLY AGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>25</td>
<td>23</td>
<td>22</td>
<td>14</td>
<td>14</td>
<td>20</td>
</tr>
</tbody>
</table>

(5:2) – Purchasing behaviour/Criteria for purchase
Frequency in purchasing behavior, sporting goods

Yearly spending on sporting goods
How important is price as a criteria when purchasing sporting goods?

How important is availability as a criteria when purchasing sporting goods?
(5:3) – Sources of information

How important is friends as a source of information when you purchase sporting goods?

How important is the image of the brand as a criteria when purchasing sporting goods?
How important is internet as a source of information when you purchase sporting goods?

How important is journals as a source of information when you purchase sporting goods?
How important is Known Athletes / famous people as a source of information when you purchase sporting goods?

How important is family as a source of information when you purchase sporting goods?
How important is movie/television as a source of information when you purchase sporting goods?

How important is advertising displays as a source of information when you purchase sporting goods?
How important is the sellers opinion as a source of information when you purchase sporting goods?

(5:4) Importance of country of origin/Brand recognition

How important are the following aspects related to the country of origin of the business?

Shopping for foreign transactions
How important are the following aspects related to the country of origin of the business?

**Country of origin of the business in general**

How important are the following aspects related to the country of origin of the business?

**Shopping at local stores**
How important are the following aspects related to the country of origin of the business?

Buying a foreign brand

How important are the following aspects related to the country of origin of the business?

Buying a local brand
(5:5) Associations with Norway/Norwegian characteristics

What do you associate with Norwegian products?
Environmental friendliness

What do you associate with Norwegian products?
Innovativeness
What do you associate with Norwegian products?  
**Good quality**

What do you associate with Norwegian products?  
**Good design**
What do you associate with Norwegian products?
High prices

How would you describe a typical Norwegian?
How sporty would you describe a typical Norwegian?

How would you describe a typical Norwegian?
(5:6) Environmental/XXL awareness

If you buy a product, how important is it for you that the company follows ethical principles?

How important is the environment?
If you buy a product, how important is it for you that the company doesn't hurt the environment?

Do you know the sports shop XXL Sports from Norway?
What do you think of this logo?
What do you think of this logo?

What do you think of this logo?
What do you think of this logo?

What do you think of this logo?
Does the logo fit for a sports shop?

The bar chart shows the responses to the question: "Does the logo fit for a sports shop?" The options range from "Rather inappropriate" to "Rather appropriately." The responses are indicated by bars of different lengths.
What do you think of this website?

Messy
2
3
4
5
6
Orderly

What do you think of this website?

Traditional
2
3
4
5
6
Modern
(5:8) Purchase preferences in Norwegian stores
What products would you prefer to buy in a Norwegian business?

Clothes:
- Yes: 49%
- No: 11%
- Maybe: 40%

Shoes:
- Yes: 41%
- No: 39%
- Maybe: 20%
What products would you prefer to buy in a Norwegian business?

Winter-clothing:
- Yes: 83%
- No: 4%
- Maybe: 13%

Hunting equipment:
- Yes: 32%
- No: 28%
- Maybe: 40%
What products would you prefer to buy in a Norwegian business?
Sports and ball game equipment:

- Yes: 48%
- No: 42%
- Maybe: 10%

What products would you prefer to buy in a Norwegian business?
cycling equipment:

- Yes: 48%
- No: 42%
- Maybe: 10%
What products would you prefer to buy in a Norwegian business?
Workout Equipment:
- Yes: 37%
- No: 54%
- Maybe: 9%

What products would you prefer to buy in a Norwegian business?
Angler accessories:
- Yes: 33%
- No: 36%
- Maybe: 31%
(5:9) Exercise preferences

Physical activity would describe themselves personally? Rate 1 to 7
How many days a week do you exercise?

How long is an average training session?
What feeds your primary motivation to exercise? You would like...

- Achieve other things.
- Fun.
- Clear your mind.
- Share the experience.
- Win competitions.
- Keep fit.

(5:10) Preferred sports activities
What do you like better, outdoor sports or indoor sports?

- Indoor sports: 25%
- Outdoor sports: 55%
- Undecided: 20%

Do you like to do sports?

- Not really: 2
- Kind of: 3
- Neutral: 4
- Enjoy: 5
- Very much: 6

Response distribution:

- 2 not really
- 3 kind of
- 4 neutral
- 5 enjoy
- Very much 6

144
Please indicate how often you operate the following sports:

**Jogging**

- Weekly: [Bar Graph]
- Monthly: [Bar Graph]
- Yearly: [Bar Graph]
- Never: [Bar Graph]

Please indicate how often you operate the following sports:
**Climbing**

- Weekly: [Bar Graph]
- Monthly: [Bar Graph]
- Yearly: [Bar Graph]
- Never: [Bar Graph]
Please indicate how often you operate the following sports:

Aerobics

Please indicate how often you operate the following sports:

Walking
Please indicate how often you operate the following sports:
Downhill skiing

Please indicate how often you operate the following sports:
Cross-country skiing
Please indicate how often you operate the following sports:

Hunting

Bicycling
Please indicate how often you operate the following sports:
Football (American)

Please indicate how often you operate the following sports:
Football (European)
Please indicate how often you operate the following sports:

Yoga

Swimming
Please indicate how often you operate the following sports:

**Ice Hockey**

Please indicate how often you operate the following sports:

**Fitness**
Please indicate how often you operate the following sports:
Other halls activity

Please indicate how often you operate the following sports:
Other outdoor activities
Please indicate how often you operate the following sports:

Tennis

(5:11) Customer preferences

Preference between single stores/shopping malls
Preferred atmosphere while shopping

- Quiet and calm
- Busy bustle

Preferences concerning type of stores

- Niche stores
- Broad selection
Degree of customer loyalty

- Not loyal at all: 2
- Very loyal: 6

Purchase of sports equipment

- Decathlon: 30
- Intersport: 20
- Karstadt Sport: 15
- Sportarena: 25
- Sportscheck: 30
- Gloria Kaufhof: 35
- Online: 40
- Other: 20